

Cincinnati Bell Telephone Company

2013 PRICE CAP REVISIONS  
2013 INTERCARRIER COMPENSATION

2013 Annual Tariff Review Plan Filing

June 17, 2013

## Description & Justification

### Introduction

#### A. Background

This filing represents Cincinnati Bell Telephone Company's (CBT's) Annual 2013 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"

- \* Report And Order And Further Notice Of Proposed Rulemaking FCC 11-161, WC Docket 10-90, GN Docket 09-51, WC Docket 07-135, WC Docket 05-337, CC Docket 01-92 CC Docket 96-45 WC Docket 03-109, WT Docket 10-208, released November 18, 2011.

Herein referred to as the "USF/ICC Transformation Order".

- \* Order In the Matter of July 2, 2013 Annual Access Charge Tariff Filings DA 13-553, released March 26, 2013.

## **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 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 USF/ICC Transformation Order Filing as well as its Special Access and Common Line Annual Access Filing. The USF/ICC Transformation Order Description & Justification is found in Appendix A. The Special Access and Common Line Description & Justification is found in Appendix B.

The Commission, in its Order (DA 13-553) established an effective date of July 2, 2013 for the USF/ICC Transformation and Special Access Annual Access Filings.

## **APPENDIX A**

### **USF/ICC Transformation Order**

CBT will assess an Access Recovery Charge (ARC) to its customers as defined and allowed in the USF/ICC Transformation Order. Below is a description of CBT's ARC development. CBT will not be participating in the Connect America Fund (CAF) distributions.

### **ACCREDTRP Form**

The ACCREDTRP Forms contain rate element demand and rates for CBT's Ohio and Kentucky Study Areas. These forms show the necessary reductions to comply with the USF/ICC Transformation Order. For the July 2013 –June 2014 period, the USF/ICC Transformation Order calls for terminating intrastate rates to be reduced to mirror interstate rates. CBT's Ohio intrastate rates mirror the interstate rates in its FCC Tariff No. 35. Some of CBT's Kentucky intrastate rates are below interstate tariffed rates. Those Kentucky intrastate rates that are below the interstate rates have not been adjusted according to the USF/ICC Transformation Order

#### **1. Demand Development**

The Commission prescribed the time period of October, 2010 to September, 2011 as its Fiscal Year (FY) for switched access demand development. CBT provided a detailed description of its methodology in developing its FY demand in the 2012 Annual Access/ICC Description and Justification included in Transmittal No. 870, filed June 18, 2012. The Commission on July 3, 2012 issued its *2012 Annual Access Suspension Order*, DA 12-1037, which

suspended the 2012 Annual Access/ICC filings for all carriers, including CBT. The Commission wished to ensure that carriers had correctly calculated their FY revenues and Eligible Recovery. The Commission issued its *Order on Reconsideration*, released August 1, 2012, which stated that certain carriers, including CBT, correctly calculated their FY revenues and their Eligible Recovery in their initial tariff filings.

## **2. Rate Reductions**

CBT's Ohio intrastate terminating switched access rates mirror those in its FCC Tariff No. 35. Some of CBT's Kentucky intrastate terminating switched rates do not mirror the interstate rates in CBT's FCC Tariff No. 35. These rates have been brought into parity with CBT's interstate rates in this filing. In cases where the Kentucky intrastate terminating rate is lower than the interstate terminating rate, the intrastate terminating rate remains below the interstate terminating rate.

## **RCCMRSTRP Forms**

The RCCMRSTRP forms show the calculations between revenue and expenses for non-CMRS and CMRS reciprocal compensation per study area and calculate eligible ARC recovery.

### **RCCMRSTRP-1 Form**

The RCCMRSTRP -1 form examines non-CMRS reciprocal compensation revenues and expenses. CBT receives reciprocal compensation revenues for end-office traffic only. Reciprocal compensation end-office FY units are divided by end-office reciprocal compensation FY revenues to develop

a composite rate. CBT's end-office units and revenues used to calculate its composite rates were derived from its CABS billing system. There were no outstanding disputes, or uncollected revenues from the FY period.

CBT developed its interstate end-office composite rate using end office units and revenues from the ACCREDTRP form for its Ohio and Kentucky study areas. The RCCMRSTRP-1 form compares the non-CMRS composite end-office rate to the interstate end-office composite rate to determine ARC/CAF revenue recovery eligibility. CBT's Ohio and Kentucky study area reciprocal compensation end-office composite rates are below the interstate end-office composite rates. Therefore, CBT is not eligible for ARC/CAF revenue recovery in this filing.

#### **RCCMRSTRP-2 Form**

The RCCMRSTRP-2 form calculates the net CMRS reciprocal compensation revenues that are eligible for recovery through ARC/CAF revenue recovery. In Accordance with the USF/ICC Transformation Order, CMRS reciprocal compensation is on a Bill & Keep basis as of July 1, 2012. CBT's FY CMRS revenues used to calculate its composite rates were derived from its CABS billing system. There were no outstanding disputes, or uncollected revenues from the FY period. CBT's CMRS expenses were determined by examining billing records for the FY period. The RCCMRSTRP-2 form calculates the net of the changes in CBT's FY CMRS revenues and expenses. The results of this



calculation represent CBT's eligible revenues for ARC/CAF revenue recovery.

### **ERTRP Form**

The ERTRP form sums the eligible ARC/CAF revenue recovery from the ACCREDTRP forms, the RCCMRSTRP-1 form and the RCCMRSTRP-2 form. The Traffic Demand factor (81%) and the Calls Base Factor (90%) are applied to the summed totals to calculate the total eligible revenues for ARC/CAF on a total company basis.

### **ARC-1TRP and ARC-2TRP Forms**

The ARC No CAF-1 TRP Form displays line count data by exchange within the Ohio and Kentucky study areas. Development of the line count data is discussed below. For 1FR, non-primary lines, ISDN-BRI and single line business, the data sheet lists the applicable basic rates, federal Subscriber Line Charge (SLC), the previous year's ARC rate and state charges including state SLC, zone charges, Telecommunication Relay Service (TRS), E-911, Extended Area Service (EAS), and state Universal Service Fund (USF) charges for each exchange. The ARC No CAF-1 TRP data is combined with eligible revenue recovery data for use in the ARC No CAF-2 TRP form to compute maximum eligible ARC and CAF revenue recovery. CBT will assess an Access Recovery Charge (ARC) to its customers as defined and allowed in the USF/ICC Transformation Order. In its 2012 Annual Access/ICC filing, CBT stated that it will not be participating in the Connect America Fund (CAF) distributions.

## **ARCRCTRP Forms**

The ARCRTRP forms show the development of the ARC caps by line type and the tariffed ARC rates by line type. The ARCTRP-No CAF-2 Form distributes CBTs actual ARC recovery between non-MLB lines and MLB lines based on the line weighting methodology prescribed in the USF/ICC Transformation Order.

### **ARCRCTRP-No CAF-1 Form**

The ARCRCTRP-No CAF 1 Form contains line count data by exchange within the Ohio and Kentucky study areas. For 1FR, non-primary lines, ISDN-BRI and single line business, the data sheet lists the applicable basic rates, federal Subscriber Line Charge (SLC), prior year ARC and state charges including state SLC, zone charges, Telecommunication Relay Service (TRS), E-911, Extended Area Service (EAS), and state Universal Service Fund (USF) charges for each exchange. The rates are summed for use in the ARCRCTRP form for comparison of maximum and tariffed ARC.

### **ARCRCTRP-No CAF-2 Form**

The ARCTRP-2 uses the line count data and rate data from the ARCTRP-No CAF-1 forms to compute the CBT's maximum ARC revenue recovery opportunity based on the ARC rate ceilings prescribed in the USF/ICC Transformation Order. The form also displays CBTs actual ARC revenues eligible for recovery from the ERTRP Form. The data is displayed by study area

and also summarized at a total company level. The maximum ARC recovery assumes that the maximum ARC rates are charged for all SLB lines, all MLB lines, and Residential lines for exchanges in which the total IFR rates are less than the \$30 per month cap prescribed in the USF/ICC Transformation Order. The form compares ARC actual recovery, based on the tariffed ARC, to the total eligible ARC recovery to ensure that recovered ARC revenues do not exceed eligible ARC revenues.

### **Line Count Development**

CBT analyzed the line count change from total year 2010 to total year 2012 by line type and by Central Office (CO). CBT used a straight-line forecast based on the changes from total year 2010 to total year 2012 by central office and by line-type to forecast line counts for the June 2013 through July 2014 period. CBT used December, 2012 annualized line count data by line type, by central office as a beginning point for forecasting lines for the July 2013 through June 2014 period.

First, CBT applied one-half the annual forecasted change to the annualized December 2012 lines to account for the January 2013 – June 2013 period. CBT then applied the total year forecasted change to the line counts forecasted as of June, 2013 to determine forecasted lines for the July 2013 to June 2014 period. CBT applied the following equation to the annualized December 2013 lines by line type and CO:

$$\text{December 2012 Annualized lines} + (\text{annual forecasted change} \times .5) + \text{annual forecasted change} = \text{July 2013 through June 2014 Forecasted lines.}$$

The July 2013 to June 2014 forecasted line counts were then summarized by exchange and line type for input into the ARCRCTRTP – No CAF-1 and ARC No-CAF study area forms.

### **ICC-SUM-1 Form**

The ICC-SUM-1 form provides a comparison between the 2012 ICC filing and the current 2013 ICC filing by study area for the following recoverable revenues: access reductions, net reciprocal compensation revenues, net CMRS revenues, eligible recovery revenues and maximum ARC revenues. The ICC-SUM-1 form also provides a comparison of eligible ARC lines between the 2012 ICC filing and the current 2013 ICC filing by study area for residence, single line business, and multi-line business.

## **APPENDIX B**

### **Special Access and Common Line**

#### **PCI Development**

CBT calculated its Price Cap Indices ("PCI") for the Common Line and Special Access baskets in accordance with the CALLS Price Cap Rules. See TRP Form PCI-1.

#### **1. GDP-PI**

In accordance with paragraph 183 of the CALLS Order, the Bureau of Economic Analysis' (BEA's) chain-weighted GDP-PI is being used in this filing. CBT uses a GDP-PI of 1.8421 percent in this TRP filing.

#### **2. Productivity Factor**

The Commission's CALLS Order changes the Productivity Factor, or X-factor to a transitional mechanism to lower rates for a specified period for special access. Per the CALLS Order, and as noted in the Commission's Order, DA 13-789, Released April 19, 2013, the X-factor is set to the inflation rate for the Special Access basket.

#### **3. 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, the Special Access Basket and Excluded Revenues. 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 2011* on May 3, 2011. This NPRM specified a Regulatory Fee factor of 0.00361. This factor was used by CBT in its July 1, 2011 Annual Access Filing.

Subsequent to CBT's July 1, 2011 Annual Access filing, the Commission released its Report and Order in the Matter of *Assessment and Collection of Regulatory Fees for Fiscal Year 2011* on July 22, 2011. This Report and Order specified a Regulatory Fee factor of 0.00375. CBT did not choose to make a mid-year TRP filing to change the factor from the 0.00361 factor used in its 2011 Annual Access Filing. Therefore, CBT's 2012 Regulatory Fees exogenous calculation reflected the impact of the 0.00361 factor for the 2011 filing year revenues as well as the 2012 filing year revenues from FCC Form 499A.

The Commission released its Report and Order in the Matter of

*Assessment and Collection of Regulatory Fees for Fiscal Year 2012* on July 19, 2012. This Report and Order specified that the Regulatory Fee factor remain at 0.00375. The Commission released its Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking in the Matter of *Procedures for Assessment and Collection of Regulatory Fees, Assessment and Collection of Regulatory Fees for Fiscal Year 2013, and Assessment and Collection of Regulatory Fees for Fiscal Year 2008* on May 23, 2013. This NPRM proposed possible revisions to the Regulatory Fee factor, but it is not clear what the new factor may be. Therefore, CBT's 2013 Regulatory Fees exogenous calculation reflects removing the impact of the change of the factor from 0.00361 to 0.00375 as well as the multiplication of the current 0.00375 factor by the current 2013 filing end-user revenues from FCC Form 499A. See Exhibit EXG-ALLOCATE.

### **3. Development of Telecom Relay Support (TRS)**

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 Public Notice proposed a TRS Factor of 0.01056.

On June 30, 2011, the Commission released its Order *in the Matter of Telecommunications Relay service and Speech-to-Speech Services for*



*Individuals with Hearing and Speech Disabilities*. This Order specified a TRS factor of 0.01058. CBT did not choose to make a mid-year TRP filing to change the factor from the 0.01056 factor used in its 2011 Annual Access Filing.

On May 2, 2012, the Commission released its Public Notice *Rolka Loube Associates Submits Payment Formulas And Funding Requirement For The Interstate Telecommunications Relay Services Fund For The July 2012 Through June 2013 Fund Year*. The Public Notice proposed a factor of 0.0153.

On May 17, 2013, the Commission released its Public Notice *Rolka Loube Associates Submits Payment Formulas And Funding Requirement For The Interstate Telecommunications Relay Services Fund For The July 2013 Through June 2014 Fund Year*. This Public Notice proposed a TRS Factor of 0.0233. Therefore, CBT's 2013 Regulatory Fees exogenous calculation reflects removing the impact of the change of the factor from 0.01056 to 0.01058 as well as the multiplication of the proposed 0.0233 factor by the current 2013 filing end-user revenues from FCC Form 499A. See Exhibit EXG-ALLOCATE

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

The Commission released Public Notice CC Docket 92-237, DA 13-1215 on May 28, 2013. This Public Notice specified a NANP

factor of 0.0000302 for the period from July 2013 through June 2014.

This factor was multiplied by CBT's end-user revenue from FCC Form 499A to yield CBT's 2013 NANP exogenous adjustment. See Exhibit EXG-ALLOCATE.

## **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, the Special Access Basket, and Excluded Revenues. See Exhibit EXG-ALLOCATE.

## **Pricing Bands**

CBT calculated its applicable upper pricing bands in accordance with the Price Cap Rules. See TRP Form IND-1.

## **API and SBI Development**

CBT calculated the applicable APIs and SBIs in accordance with the Price Cap Rules. CBT's APIs do not exceed the applicable PCIs and its SBIs are within the applicable upper pricing bands. See TRP Form IND-1.

## **Common Line**

### **1. CALLS Impact on Common Line Charges**

The CALLS Order combines the Carrier Common Line (CCL), End-user Common Line (EUCL - also known as the SLC), and PICC charges into a single charge for residence and single-line business customers.

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

The CALLS Order set 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 2012 demand levels. Following the CALLS Order, CBT then calculated its proposed Common Line, Marketing and Transport (CMT) revenue per line. The CMT revenue per line of \$5.38 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 \$5.36 for Residence and Single-line business, \$5.36 for Non-primary Residence and ISDN-BRI, and \$5.36 for Multi-line Business, ISDN-PRI and Centrex. See TRP Form CAP-1.

**B. IAS Support Calculation.**

Line 185 of the RTE-1 Form shows CBT's USAC Receipts. Pursuant to Industry discussions with Commission staff, CBT determined the amount included in Line 185, Columns E, F and G as follows;

In CBT's 2012 Annual Access Filing (Transmittal No. 870) CBT's frozen IAS support amount of \$166,476 was used to compute its revenue per line of \$0.02443748.

For the current Annual Access Filing, CBT multiplied the revenues per line from Transmittal No. 870 of \$0.02443748 by the lines from the current Annual Filing to yield USAC Revenues of \$148,570. This amount is reflected in the RTE-Form, Line 185 of the current filing. See TRP Form IAS-CALC.

**Special Access Basket**

The CALLS Order created a Special Access Basket containing Voice Grade, WATS, Metallic, Telegraph, Audio, Video, High Cap, DDS and Wideband services. Per the

CALLS Order, and as noted in the Commission's Order, DA 13-789 Released April 19, 2013, the X-factor is set to the inflation rate for the Special Access basket.

**1. Base Period Demand**

CBT's Special Access recurring demand is obtained from CBT's Carrier Access Billing System (CABS). Recurring demand is obtained as a count of in-service quantities.

**2. SBI Limits**

As illustrated on TRP Form IND-1, CBT is in compliance with all SBI requirements.

**3. API and SBI Calculations**

The Special Access API is calculated as proposed revenue (base period demand times proposed rates), divided by current revenue (base period demand times current rates), times the existing API per Part 61.46 of the Commission's Rules. See TRP Form IND-1.

SBIs for each Special Access service category are calculated as proposed revenue of each category, divided by current revenue of each category, multiplied by the existing SBI of each service category. Base Period Demand, current rates and proposed rates are displayed on Exhibit RDET.

### **Excluded Services**

Consistent with the requirements of the Paragraph 24 of the TRP Notice, CBT has provided a list of services that CBT has removed from price cap regulation, along with those services which have not been included under price cap regulation. See Exhibits OUTPC-1 and OUTPC-2.

### **New Services**

CBT has included a listing of new services introduced in 2011. See Exhibit CBT-NEW.

### **492A Forms**

Pursuant to the Commission's *Tariff Review Plans* Order, CBT has included its Form 492A for the calendar years 2011 and 2012.

## Universal Service Fund

Cincinnati Bell Telephone (CBT) proposes to revise the Universal Service Fund (USF) factor per Commission Order. The Commission released its *Proposed Third Quarter 2013 Contribution Factor*, DA 13-1361 on June 12, 2013. The Commission proposed a USF factor of 15.1 % down from the previous factor of 15.5%. 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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	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	6/30/12 PCI (I)	6/30/12 SBI (J)
Special Access Basket					
720 VG/WATS, Met, Tgh - Special	N/A	N/A	861	N/A	861
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	870	N/A	870
750 DS-1 SubCat - Special	N/A	N/A	831	N/A	861
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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	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	6/30/12 PCI (I)	6/30/12 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	870	870	N/A	861	N/A

Exogenous Cost Changes Detail

	2011 Annual		FCC 11-114	DA 12-696	DA 12-799
	Total	Interstate	7/22/2011	5/2/2012	5/21/2012
	End User Revenues		Reg Fee	TRS	NANPA
	( 499A )	( 499A )			
	(A)	(B)	(C)=B * 0.00375	(D) = B * 0.01053	(E) = A * 0.0000254
Exogenous Amount	\$ 302,815,847	\$ 49,836,574	\$ 186,887	\$ 524,779	\$ 7,692
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

	2011 Annual		FCC 11-68	DA 11-826	FCC 11-114	FCC 11-104
	Total	Interstate	5/3/2011	5/4/2011	7/22/2011	6/30/2011
	End User Revenues		Reg Fee	TRS	Reg Fee	TRS
	( 499A )	( 499A )				
	(A)	(B)	(C')=B * 0.00361	(D') = B * 0.01056	(E')=B * 0.00375	(F') = B * 0.01058
Exogenous Amount	\$ 302,815,847	\$ 49,836,574	\$ 179,910	\$ 526,274	\$ 186,887	\$ 527,271
Excluded Revenue	\$ -	\$ -				
Price Cap Revenue Percentage	100.00%	100.00%				

	2012 Annual		FCC 12-1355	FCC 13-1137	DA 13-1215
	Total	Interstate	7/19/2012	5/1/2013	5/28/2013
	End User Revenues		Reg Fee	TRS	NANPA
	( 499A )	( 499A )			
	(A'')	(B'')	(C'')=B'' * 0.00375	(D'') = B'' * 0.02330	(E'') = A'' * 0.0000302
Exogenous Amount	\$ 282,813,969	\$ 48,516,514	\$ 181,937	\$ 1,130,435	\$ 8,541
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

**Exogenous Cost Changes Detail**

**Telecom Relay Support**

	<u>7/12 - 6/13</u>	<u>7/13 - 6/14</u>
DA 12-696 - (D) = B * 0.01053	524,779	
DA 11-826 - FCC 11-104 = D'-F'		\$ (997)
FCC 13-1137 - (D'') = B'' * 0.02330		1,130,435
	\$ 524,779	\$ 1,129,438
% Price Cap Allocation	100.00%	100.00%
Price Cap Only	\$ 524,779	\$ 1,129,438
FCC 2011 Price Cap Interstate End User Revenue	49,836,574	
FCC 2012 Price Cap Interstate End User Revenue	48,516,514	
Revenue Change ( R)	-2.64878%	
Price Cap Only with R Adj	\$ 510,879	\$ 1,129,438
		<b>\$ 618,559</b>

**Regulatory Fee Support:**

	<u>7/12 - 6/13</u>	<u>7/13 - 6/14</u>
FCC 11-114 - (C)=B * 0.00375	186,887	
FCC 11-68 - FCC 11-114 = C'-E'		\$ (6,977)
FCC 12-1355 - (C'')=B'' * 0.00375		181,937
	186,887	174,960
% Price Cap Allocation	100.00%	100.00%
Price Cap Only	\$ 186,887	\$ 174,960
FCC 2011 Price Cap Interstate End User Revenue	49,836,574	
FCC 2012 Price Cap Interstate End User Revenue	48,516,514	
Revenue Change ( R)	-2.64878%	
Price Cap Only with R Adj	\$ 181,937	\$ 174,960
		<b>\$ (6,977)</b>

**North American Numbering Plan Administration:**

	<u>7/12 - 6/13</u>	<u>7/13 - 6/14</u>
DA 12-799 - (E) = A * 0.0000254	7,692	
DA 13-1215 - (E'') = A'' * 0.0000302		8,541
	7,692	8,541
% Price Cap Allocation	100.00%	100.00%
Price Cap Only	\$ 7,692	\$ 8,541
FCC 2011 Price Cap Interstate End User Revenue	302,815,847	
FCC 2012 Price Cap Interstate End User Revenue	282,813,969	
Revenue Change ( R)	-6.60529%	
Price Cap Only with R Adj	\$ 7,183	\$ 8,541
		<b>\$ 1,358</b>

Filing Date: 06/17/2013  
Filing Entity: CBTC - Cincinnati Bell Total  
Transmittal Number: 878  
June 17, 2013 Annual Access Filing (CBTCAN13.XLS)

EXG-ALLOCATE

Page 3 of 3

**Exogenous Cost Changes Detail**

	<u>Common Line</u>	<u>Special</u>	<u>Excluded Revenues</u>	<u>Price Cap Revenue</u>
<b>499A 2012 Annual Interstate End User Revenues</b>	\$ 37,812,826	\$ 10,703,688	\$ -	\$ 48,516,514
<b>Allocation Basis</b>	77.94%	22.06%	\$ -	
<b>Telecom. Relay Support</b>	\$ 482,093	\$ 136,466	\$ -	\$ 618,559
<b>Regulatory Fee Support:</b>	\$ (5,438)	\$ (1,539)	\$ -	\$ (6,977)
<b>NANPA</b>	\$ 1,058	\$ 299	\$ -	\$ 1,358
	<u>\$ 477,713</u>	<u>\$ 135,226</u>	<u>\$ -</u>	<u>\$ 612,940</u>
<b>Allocation - See Attached Forms</b>				
<b>ITC Amortization</b>	\$ 2,500	\$ 3,319	\$ 2,406	\$ 8,225
<b>Excess Deferred Taxes</b>	\$ 1,273	\$ 1,690	\$ 1,225	\$ 4,188
<b>Sub Total</b>	<u>\$ 3,773</u>	<u>\$ 5,008</u>	<u>\$ 3,632</u>	<u>\$ 12,413</u>
<b>Grand Total Exogenous</b>	\$ 481,486	\$ 140,235	\$ 3,632	\$ 625,352

## Summary of Exogenous Changes

EXG-SUM  
Page 1 of 1

	<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	\$2,500	\$3,319	\$2,406	\$8,225
2	Excess Deferred Taxes	EXG-EDT	\$1,273	\$1,690	\$1,225	\$4,188
	Total Exogenous	Sum (Line 1.... Line 2)	\$3,773	\$5,008	\$3,632	\$12,413

## Development of Investment Tax Credit (ITC)

<u>Description</u>	<u>Source</u>	<u>A</u> <u>7/12-6/13</u>	<u>B</u> <u>7/13-6/14</u>	<u>C=B-A</u> <u>Delta</u>	
1 Total Company	Note 1	\$203,012	\$178,366	(\$24,647)	
2 Interstate	Note 2	\$46,847	\$41,502	(\$5,345)	
		<u>30.40%</u> <u>Common Line</u>	<u>40.35%</u> <u>Special Access</u>	<u>29.25%</u> <u>Excluded</u>	<u>Total</u>
3 Investment Tax Credit	Note 3	(\$1,625)	(\$2,156)	(\$1,564)	(\$5,345)
4 Federal Income Tax	Line 3/((1-.35)*-1	\$2,500	\$3,319	\$2,406	\$8,225
5 Revenue Impact		\$2,500	\$3,319	\$2,406	\$8,225

Note 1: Column A from Transmittal No. 870 Form EXG-ITC. Column B from corporate tax.

Note 2: EXD-ITC. CBT internal worksheet used to calculate interstate amounts = 0.23268

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

Corporate Tax	<u>2013</u>	<u>2014</u>	<u>Total</u>	<u>Midpoint</u>
	\$189,892	\$166,839	\$356,731	\$178,366

			<u>Ratio</u>
Interstate Common Line	Form Sum 1 line 120	\$ 33,569,680	0.3040
Interstate Special Access	Form Sum 1 line 340	\$ 44,549,809	0.4035
Excluded Revenues	Internal Worksheet	\$ 32,301,778	0.2925
Total		\$ 110,421,266	1.00

## Development of Excess Deferred Taxes

<u>Description</u>	<u>Source</u>	<u>A</u> <u>7/12-6/13</u>	<u>B</u> <u>7/13-6/14</u>	<u>C=B-A</u> <u>Delta</u>	<u>D=(A+B)*-.5</u> <u>Reserve Change</u>
1 Total Company	Note 1	\$42,445	\$32,698	(\$9,747)	(\$37,572)
2 Interstate	Note 2	\$8,290	\$6,394	(\$1,896)	(\$7,342)
		<u>30.40%</u> <u>Common Line</u>	<u>40.35%</u> <u>Special Access</u>	<u>29.25%</u> <u>Excluded</u>	<u>Total</u>
3 Excess Deferred Tax	Note 3	(\$576)	(\$765)	(\$555)	(\$1,896)
4 Excess Deferred Tax Reserve	Note 3	(\$2,232)	(\$2,962)	(\$2,148)	(\$7,342)
5 Net Rate base	Line 4 *-1.0	\$2,232	\$2,962	\$2,148	\$7,342
6 Return	Line 5 * 0.1125	\$251	\$333	\$242	\$826
7 Federal Income Tax Change	(Ln6-Ln3)*0.35/(1.0-.35)-Ln3	\$1,022	\$1,356	\$984	\$3,362
8 Revenue Impact	Line 6 + Line 7	\$1,273	\$1,690	\$1,225	\$4,188

Note 1: Column A from Transmittal No. 870 Form EXG-EDT. Column B from corporate tax.

Note 2: ARMIS 43-01 row 1840 interstate ratios = 0.1955

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

<u>2013</u>	<u>2014</u>	<u>Total</u>	<u>Midpoint</u>
\$59,367	\$6,029	\$65,396	\$32,698

		<u>Ratio</u>
Interstate Common Line Revenues (t-1 Form Sum 1 line 120	\$ 33,569,680	0.3040
Interstate Special Access Revenues (t- Form Sum 1 line 340	\$ 44,549,809	0.4035
Excluded Revenues Internal Worksheet	\$ 32,301,778	0.2925
Total	\$ 110,421,266	1.00

IAS-CALC

- 1 CBT's frozen IAS amount of \$166,476 was used to compute the revenue per line in its 2012 Annual Access Filing TM No. 870  
Below are lines 180 and 185 from the RTE-1 Form from TM 870.

IAS Amount \$ 166,476  
Lines 6,812,323  
IAS per line amount 0.02443748

		BASE PERIOD	RATES AT LAST PCI	CURRENT	PROPOSED	BASE PERIOD DEMAND x RATES AT LAST	BASE PERIOD DEMAND x CURRENT	BASE PERIOD DEMAND x PROPOSED
<b>TM 870</b>								
<b>18-Jun-12</b>	180 Other Common Line	N/A	N/A	N/A	N/A	0	0	0
	185 USAC Receipts	6,812,323	0.02296954	0.02296954	0.02443748	156,476	156,476	166,476

- 2 CBT's TM 870 Annual Filing revenue per line of \$0.02443748 was multiplied by the lines from the current Annual Access Filing (TM 878)  
to yield the IAS amount of \$148,570.  
Below are lines 180 and 185 from the current RTE-1 Form in TM 878

IAS per line amount 0.02443748  
Lines 6,079,600  
IAS Amount \$ 148,570

		DEMAND	UPDATE	RATES	RATES	PCI UPDATE	RATES	RATES
<b>TM 878</b>								
<b>17-Jun-13</b>	180 Other Common Line	N/A	N/A	N/A	N/A	0	0	0
	185 USAC Receipts	6,079,600	0.02443748	0.02443748	0.02443748	148,570	148,570	148,570



**SERVICES OUTSIDE OF PRICE CAP**

<b><u>Rate Element Detail</u></b>	<b><u>Tariff Section</u></b>
<b>Special Construction</b>	
<b>Special Construction</b>	<b>FCC #35 7.2</b>
<b>Collocation/Interconnection</b>	
<b>Physical Collocation</b>	<b>FCC #35 17.10.2</b>
<b>Virtual Collocation</b>	<b>FCC #35 17.11.1</b>
<b>Packet Services</b>	
<b>Ethernet Service</b>	<b>FCC #35 19.5</b>
<b>End User Services</b>	
<b>End User USF End User Charge</b>	<b>FCC #35 4.10</b>
<b>Government Services</b>	
<b>Special Government Access Services –TSP &amp; GETS</b>	<b>FCC #35 10.8.2</b>
<b>Miscellaneous</b>	
<b>Special Facilities Routing of Access Services</b>	<b>FCC #35 11..2</b>

**SERVICES OUTSIDE OF PRICE CAP**

<u>Rate Element Detail</u>	<u>Tariff Section</u>	<u>Order Allowing removal</u>
*Special Access		
Voice Grade	FCC #35 23.3	FCC 99-206 Fifth Report and
Program Audio		Order and Further Notice of
Video		Proposed Rulemaking (Pricing
Digital Data		Flexibility Order)
Frame Relay Service		
DS1		
DS3		
OC-Service		
Shared SONET Service		

\* Included channel terminations between the IXC POP and the serving wire center only.

**2012 New Services**

CBT introduced the following new services in 2012:

<b><u>New Service</u></b>	<b><u>Transmittal</u></b>	<b><u>Basket</u></b>	<b><u>Category</u></b>
DS1 24-month, 48-month and 84-month Payment Options	874	Special	High CAP & DDS Category
DS3 24-month, 48-month and 84-month Payment Options	874	Special	High CAP & DDS Category
OC- Point-to-Point 12-month, 24-month, 48-month and 84-month Payment Options	874	Special	High CAP & DDS Category
OC – Dedicated Ring 48-month and 84-month Payment Options	874	Special	High CAP & DDS Category

See reverse side for information regarding public burden estimate.

1. Name and Address of Reporting Company

Cincinnati Bell Telephone LLC  
221 E. 4th St., Loc 103-1124  
Cincinnati, OH 45202

2. Reporting Calendar Year

(A) From: 01/01/2011 To: 12/31/2011

(B) First Report Filed: 03/31/2012

(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	153,596		
2. Total Expenses and Taxes	104,064		
3. Operating Income (Net Return) (Ln1-Ln2)	49,532		
4. Rate Base - (Avg. Net. Investment)	33,396		
5. Rate of Return (Ln3/Ln4)	148.32%		
6. Sharing/Low End Adjustment Amount	N/A		
7. FCC Ordered Refund - Amortized for Current Period	N/A		

REMARKS

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 03/29/2012	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.

1. Name and Address of Reporting Company

Cincinnati Bell Telephone LLC  
221 E. Fourth St., Loc 103-1124  
Cincinnati, OH 45202

2. Reporting Calendar Year

(A) From: 01/01/2012 To: 12/31/2012

(B) First Report Filed: 03/27/2013

(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	156,414		
2. Total Expenses and Taxes	105,402		
3. Operating Income (Net Return) (Ln1-Ln2)	51,012		
4. Rate Base - (Avg. Net. Investment)	19,054		
5. Rate of Return (Ln3/Ln4)	267.72%		
6. Sharing/Low End Adjustment Amount	N/A		
7. FCC Ordered Refund - Amortized for Current Period	N/A		

REMARKS

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
03/27/2013	Susan George	CBT Division Controller	
	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.