

**Cincinnati Bell Telephone LLC**

**Tariff FCC No. 35**

**2014 Mid-Year Tariff Review Plan Filing**

**Transmittal No. 887**

**September 16, 2014**

## **Description & Justification**

### **Introduction**

Cincinnati Bell Telephone Company (CBT) makes this mid-year 2014 Tariff Review Plan (TRP) Filing in order to reflect revised Regulatory Fees and revised Telecommunication Relay Service (TRS) factors. Attachment 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 2014.

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

Subsequent to CBT's 2014 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 Report and Order in the Matter of *Assessment and Collection of Regulatory Fees for Fiscal Year 2014* on June 13, 2014. This Report and Order specified that the Regulatory Fee factor of 0.00340. CBT calculated its 2014 Regulatory Fees exogenous costs using the existing 0.00340 factor.

On August 29, 2014, the Commission released its Report and Order in the Matter of Assessment *and Collection of Regulatory Fees for Fiscal Year 2014*, FCC 14-129. This Order specified a Regulatory Fee factor of 0.00343. This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2014 revised exogenous cost adjustment. CBT computed the difference between the original and revised 2014 adjustments. CBT then grossed up the revised 2014 adjustment to recover the 12-month exogenous cost impact. See Exhibit EXG-ALLOCATE.

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

On May 9, 2014, the Commission released its Public Notice *Rolka Loubé Associates Submits Payment Formulas And Funding Requirement For The Interstate Telecommunications Relay Services Fund For The July 2014 Through June 2015 Fund Year*. This Public Notice proposed a TRS Factor of 0.01174. CBT's calculated its 2014 Regulatory Fees exogenous Adjustment by multiplying the 0.01174 factor by the 2013 end-user revenues from FCC Form 499A.

On June 30, 2014, the Commission released its Order in the Matter of *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities* DA 14-946.

This Order specified a TRS factor of 0.01219. This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2014 revised exogenous cost adjustment. CBT computed the difference between the original and revised 2014 adjustments. CBT then grossed up the revised 2014 adjustment to recover the 12-month exogenous cost impact. See Exhibit EXG-ALLOCATE.

## **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 2013 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 \$5.31 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, CBT's calculated EUCL rates are \$5.29 for Residence and Single-line business, \$5.29 for Non-primary Residence and ISDN-BRI, and \$5.29 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 and Special Access baskets in accordance with the CALLS Price Cap Rules. See TRP Form PCI-1.

## 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 2014 Contribution Factor*, DA 14-1315 on September 11, 2014. The Commission proposed a USF factor of 16.1 % up from the previous factor of 15.7 %. 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.

	End User Revenues ( 499A ) (A''')	TRS (D''') = B''' * 0.01174 Telecom Relay Service (B)=A * 0.01174	DA 14-946 6/30/2014 Telecom Relay Service (C) = A * 0.01219		Difference (D) = C - B	EXG-ALLOCATE Annualization (E) = D * 12 / 9
Excluded Revenue	\$ 48,520,484	\$ 569,630	\$ 591,465	\$	21,834	\$ 29,112
Telecom Relay Support	\$ -					100%
	100%					\$ 29,112

		DA 14-88 6/13/2014 Regulatory Fee (F)=A * 0.00340	FCC 14-129 8/29/2014 Regulatory Fee (G) = A * 0.00343		Difference (H) = G - F	Annualization (I) = H * 12 / 9
Excluded Revenue	\$ 48,520,484	\$ 164,970	\$ 166,425	\$	1,456	\$ 1,941
Regulatory Fee Support	\$ -					100%
	100%					\$ 1,941

	Common Line	Special	Excluded Revenues	Price Cap Revenue
499A 2013 Annual Interstate End User Revenues	\$ 34,381,253	\$ 14,139,231	\$ -	\$ 48,520,484
Allocation Basis	70.86%	29.14%	\$ -	
Telecom. Relay Support	\$ 20,629	\$ 8,484	\$ -	\$ 29,112
Regulatory Fee Support:	\$ 1,375	\$ 566	\$ -	\$ 1,941
NANPA	\$ -	\$ -	\$ -	\$ -
	\$ 22,004	\$ 9,049	\$ -	\$ 31,053
Allocation - See Attached Forms				
ITC Amortization	\$ -	\$ -	\$ -	\$ -
Excess Deferred Taxes	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ -	\$ -	\$ -	\$ -
Grand Total Exogenous	\$ 22,004	\$ 9,049	\$ -	\$ 31,053