

Cincinnati Bell Telephone LLC

Tariff FCC No. 35

2017 Mid-Year Tariff Review Plan Filing

Transmittal No. 911

September 18, 2017

Description & Justification

Introduction

Cincinnati Bell Telephone Company (CBT) makes this mid-year 2017 Tariff Review Plan (TRP) Filing in order to reflect revised North American Numbering Plan (NANP) 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 2017. In addition, this filing also makes a change in section 7.4 – Special Access to change the Discount Commitment Plan review period from 90 days to 60 days.

TRS and NANP Exogenous Costs

Subsequent to CBT's 2017 Annual Access Filing the Commission released revised TRS and NANP factors. The new factors caused changes to CBT's exogenous cost recovery calculations. A description of the TRS and NANP exogenous costs changes follows.

A. Development of Telecom Relay Support (TRS)

On June 2, 2017, the Commission released its Public Notice *Rolka Loube Associates Submits Payment Formulas And Funding Requirement For The Interstate Telecommunications Relay Services Fund For*

2017-2018 Fund Year. This Public Notice proposed a TRS Factor of 0.02244. CBT's calculated its 2017 TRS exogenous Adjustment by multiplying the 0.02244 factor by the 2016 end-user revenues from FCC Form 499A.

On June 30, 2017, 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 17-642.

This Order specified a TRS factor of 0.02289. This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2017 revised exogenous cost adjustment. CBT computed the difference between the original and revised 2017 adjustments. CBT then grossed up the revised 2017 adjustment to recover the 12-month exogenous cost impact. See Exhibit EXG-ALLOCATE.

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

The Commission released Public Notice CC Docket 92-237, DA 16-899 on August 8, 2016. This Public Notice proposed a NANP factor of 0.0000368 for the period from October 2016 through September 2017. This factor was multiplied by CBT's end-user revenue from FCC Form 499A to yield CBT's 2017 NANP exogenous adjustment.

The Commission released Public Notice CC Docket 92-237, DA 17-783

on August 17, 2017. This Public Notice proposed a NANP factor of 0.0000518 for the period from October 2017 through September 2018. This factor was multiplied by CBT's end-user revenue from FCC Form 499A to yield CBT's 2017 revised NANP exogenous adjustment. CBT computed the difference between the original and revised 2017 adjustments. CBT then grossed up the revised 2017 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 2016 demand levels.

As a result of the NANP and TRS factor changes, CBT has recalculated its proposed Common Line, Marketing and Transport (CMT) revenue. The CMT revenue per line of \$5.37 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 \$5.35 for Residence and Single-line business, \$5.35 for Non-primary Residence and ISDN-BRI, and \$5.35 for Multi-line Business, ISDN-PRI and Centrex. See TRP Form CAP-1.

PCI Development

Based on the revised TRS and NANP 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.

Special Access – Discount Commitment Plan (DCP)

CBT proposes to make a change in Section 7.9.12 - Special Access Service – Discount Commitment Program to reduce the circuit commitment level review period from 90 days to 60 days.

Universal Service Fund

CBT proposes to revise the Universal Service Fund (USF) factor per Commission Order. The Commission released its *Proposed Fourth Quarter 2017 Contribution Factor*, DA 17-884 on September 12, 2017. The Commission proposed a USF factor of 18.8 % up from the previous factor of 17.1 %. CBT recovers its USF contribution, pursuant to the Commission's Contribution Methodology Order¹ 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.

¹ 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.

Filing Date: 09/18/2017
 Filing Entity: CBTC - Cincinnati Bell Total
 Transmittal Number: 911

EXG-Allocate

September 16, 2017 Mid-Year Access Filing (CBTC9167.XLS)
Exogenous Cost Changes Detail

| | 2016 Annual Interstate End User Revenue: (499A) (A) | FCC 17-62 5/23/2017 Regulatory Fee (B) = A * 0.00302 | FCC 17-111 4298300.00% Regulatory Fee (C) = A * 0.00302 | Difference (D) = C - B | Annualization (E) = D * 12 / 9 |
|------------------------------|---|---|--|---------------------------|-----------------------------------|
| Exogenous Amount | \$ 43,793,247 | \$ 132,256 | \$ 132,256 | \$ - | \$ - |
| Excluded Revenue | \$ 10,993,554 | | | | 74.90% |
| Price Cap Revenue Percentage | 74.90% | | | | \$ - |

| | 2016 Annual Interstate End User Revenue: (499A) (A) | Rolka Loubé Est. 6/2/2017 Telecom Relay (B') = A * 0.02244 | DA 17-642 6/30/2017 Telecom Relay (C') = A * 0.02289 | Difference (D') = C' - B' | Annualization (E') = D' * 12 / 9 |
|------------------------------|---|---|---|------------------------------|-------------------------------------|
| Exogenous Amount | \$ 43,793,247 | \$ 982,720 | \$ 1,002,427 | \$ 19,707 | \$ 26,276 |
| Excluded Revenue | \$ 10,993,554 | | | | 74.90% |
| Price Cap Revenue Percentage | 74.90% | | | | \$ 19,680 |

| | 2016 Annual Total End User Revenue: (499A) (A') | DA 16-899 8/8/2016 NANPA (B'') = A' * 0.0000368 | DA 17-783 8/17/2017 NANPA (C'') = A' * 0.0000518 | Difference (D'') = C'' - B'' | Annualization (E'') = D'' * 12 / 9 |
|------------------------------|---|--|---|---------------------------------|---------------------------------------|
| Exogenous Amount | \$ 187,674,627 | \$ 6,906 | \$ 9,722 | \$ 2,815 | \$ 3,753 |
| Excluded Revenue | \$ 10,993,554 | | | | 94.14% |
| Price Cap Revenue Percentage | 94.14% | | | | \$ 3,534 |

| | <u>Common Line</u> | <u>Special</u> | <u>Excluded Revenues</u> | <u>Price Cap Revenue</u> |
|--|--------------------|-----------------|--------------------------|------------------------------|
| 499A 2016 Annual Interstate End User Revenues | \$ 30,283,355 | \$ 2,516,338 | \$ - | \$ 32,799,693 |
| Allocation Basis | 92.33% | 7.67% | 0.00% | |
| Telecom. Relay Support | \$ 18,170 | \$ 1,510 | \$ - | \$ 19,680 |
| Regulatory Fee Support: | \$ - | \$ - | \$ - | \$ - |
| NANPA | \$ 3,263 | \$ 271 | \$ - | \$ 3,534 |
| | <u>\$ 21,433</u> | <u>\$ 1,781</u> | <u>\$ -</u> | <u>\$ 23,213</u> |
| Allocation - See Attached Forms | \$ - | \$ - | \$ - | \$ - |
| ITC Amortization | \$ - | \$ - | \$ - | \$ - |
| Excess Deferred Taxes | \$ - | \$ - | \$ - | \$ - |
| Sub Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Grand Total Exogenous | \$ 21,433 | \$ 1,781 | \$ - | \$ 23,213 |