

Cincinnati Bell Telephone Company

2018 PRICE CAP REVISIONS

2018 INTERCARRIER COMPENSATION

2018 Annual Tariff Review Plan Filing

June 18, 2018

Description & Justification

Introduction

A. Background

This filing represents Cincinnati Bell Telephone Company's (CBT's) Annual 2018 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);
- * 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".

Report and Order, *In the Matter of Business Data Services in an Internet Protocol Environment*, WC Docket No. 16-143, *Technology Transitions* GN Docket No. 13-5, *Special Access for Price Cap Local Exchange Carriers* WC Docket No. 05-25, *AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, RM-10593, DA 17-43, Released April 28, 2017.

Herein referred to as the "BDS Order".

- * Order, *In the Matter of July 1, 2018 Annual Access Charge Tariff Filings* DA 18-335, released April 5, 2018.

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;

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 18-335) established an effective date of July 3, 2018 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, as well as a roll-up of both CBT's Ohio and Kentucky Study areas. These forms show the necessary calculations and reductions to comply with the USF/ICC Transformation Order as well as the FCC's Order, DA-18-404, released April 25, 2018. The USF/ICC Transformation Order directs the calculation of a 2018 Baseline Composite Terminating End Office Rate and a 2018 Target Composite Terminating End Office. The 2018 Composite End Office Target is defined as \$0.000 per minute. The USF/ICC Transformation Order directs the calculation of a Tandem Composite rate. The 2018 Tandem Composite rate is defined as \$0.0000 per minute.

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.

a. Step 7 (Tandem Usage)

The Price Cap Implementation Forum (PCIF) Industry Group received Feedback prior to the 2017 ICC filing from Commission staff regarding the Intercarrier Compensation Terminating Tandem Transition. From that feedback the following applies to CBT:

Traffic Terminating from a Price Cap ILEC owned Tandem to its own or any other Price Cap ILEC End Office (EO) owned by the same Holding Company (inside or outside a study area), will be considered “Tandem-to-End Office”. This traffic will transition to \$0.0000 in Step 7 as reflected in this filing.

All other Tandem Traffic that traverses a ILEC owned tandem and does not terminate to an end user served by the ILEC End Office will be considered “Tandem-to- 3rd Parties” and will continued to be billed at the current Interstate rates

Terminating Traffic delivered to a Host Office through a direct trunk transport then to a Remote where the Price Cap LEC owns the Host/Remote facilities and the Price Cap LEC also owns the Homing Tandem within the study area, will be billed at the transitional rates (Tandem to End office).

CBT owns its sole tandem switch in its operating area.

The Commission also instructed that if a Price Cap LEC has detail from the Base Period available to split between Tandem to EO and Tandem to 3rd Party it should use that data. CBT used Base Period data to split the Tandem to EO and Tandem to 3rd Party data.

CBT Methodology

CBT provided a detailed description of its methodology in developing its FY demand (including Tandem 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.

CBT was able to use its Base Period FY Demand to distinguish the ILEC to ILEC owned end office terminating usage from the ILEC to 3rd Party end office terminating usage by jurisdiction.

The Commission's Intercarrier Compensation Order called for collected revenues and their underlying usage to be used in calculations that determine a company's ARC. As part of the developing its Base Period demand, CBT developed factors used to subtract the underlying usage of uncollected revenues from the terminating switched access usage. CBT detailed the development of these factors in its Transmittal No. 870 Description & Justification. In order to account for the underlying usage for uncollected ILEC to 3rd Party revenue, CBT applied the same uncollected revenue usage factors to the ILEC Tandem to 3rd Party end office usage to compute the net terminating ILEC Tandem to 3rd Party end office usage.

CBT then subtracted the net terminating ILEC Tandem to 3rd Party end office usage from the total Base Period tandem usage by jurisdiction to compute the ILEC Tandem to ILEC end office usage that will be subject to the Step 7 reductions and be used in the computation of ARC.

2. Rate Reductions

The USF/ICC Transformation Order directs the calculation of a 2011 Baseline Composite Terminating End Office Rate and a 2018 Target Composite Terminating End Office. The 2018 Composite Target is defined as \$0.000 per minute. In accordance with USF/ICC Transformation Order and the FCC's Order, DA-18-404, the ACCREDTRP form shows the development of CBT's 2011 Composite Terminating End Office Rate and the development of CBT's 2018 Interstate Target Composite Rate. The ACCREDTRP form shows the rate element reductions taken to achieve CBT's 2018 Interstate Target Composite Rate.

The USF/ICC Transformation Order directs the calculation of a Terminating Tandem Composite rate. The 2018 composite rate is defined as \$0.0000 per minute. In accordance with the USF/ICC Transformation Order and the FCC's Order, DA-18-404, the ACCREDTRP form shows the development of CBT's 2018 Interstate Target Composite Rate. The ACCREDTRP form shows the rate element reductions taken to achieve CBT's 2018 Interstate Target Composite Rate.

Per the Commission's Order, DA 18-404, intrastate terminating end office rates and tandem rates are set at the interstate level except where the intrastate rate for a specific element is lower than the interstate rate, in which case the lower rate is used.

RCCMRSTRP Forms

The RCCMRSTP 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. The results of this calculation represent CBT's eligible revenues for ARC/CAF revenue recovery.

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 (47.83%) and the Calls Base Factor (90%) are applied to the summed totals to calculate a subtotal of eligible revenues for ARC/CAF on a total company basis. This subtotal is then adjusted by the appropriate years' true-up revenues to determine total eligible recovery.

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 assesses an Access Recovery Charge (ARC) to its customers as defined and allowed in the USF/ICC Transformation Order. The ARC No CAF-3 TRP Form compares the Eligible Recovery Revenue to the Maximum ARC Revenues. In its 2012 Annual Access/ICC filing, CBT stated that it will not be participating in the Connect America Fund (CAF) distributions.

ARCRTRP Forms

The ARCRTRP forms show the development of the ARC caps by line type and the tariffed ARC rates by line type. The ARCTR-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.

ARCRTRP-No CAF-1 Form

The ARCRTRP-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 ARCRCTRTP form for comparison of maximum and tariffed ARC.

ARCRCTRTP-No CAF-2 Form

The ARCTRTP-2 uses the line count data and rate data from the ARCTRTP-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 1FR 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 2011 to total year 2017 by

line type and by End Office (EO). CBT used a straight-line forecast based on the changes from total year 2011 to total year 2017 by end office and by line-type to forecast line counts for the July, 2018 through June, 2019 period. CBT used December, 2017 annualized line count data by line type, by end office as a beginning point for forecasting lines for the July, 2018 through June, 2019 period.

First, CBT applied one-half the annual forecasted change to the annualized December 2017 lines to account for the January 2018 – June 2018 period. CBT then applied the total year forecasted change to the line counts forecasted as of June 2018 to determine forecasted lines for the July 2018 to June, 2019 period. CBT applied the following equation to the annualized December 2017 lines by line type and EO:

$$\text{December 2017 Annualized lines} + (\text{annual forecasted change} \times .5) + \text{annual forecasted change} = \text{July 2018 through June 2019 Forecasted lines.}$$

The July 2018 to June 2019 forecasted line counts were then summarized by exchange and line type for input into the ARCRCTRIP – No CAF-1 and ARC No-CAF study area forms.

ICC-SUM-1 Form

The ICC-SUM-1 form provides a comparison between the 2017 ICC filing and the current 2018 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 2017 ICC filing

and the current 2018 ICC filing by study area for residence, single line business, and multi-line business. The ICC-SUM-1 form also includes ARC True-up revenues for the year beginning July 1, 2016

ARC-TUP Form

The Commission's Rules in 47 C.F.R 51.915(d)(iii) (F) requires that ILECs compute Access Recovery Charges less Expected Revenues for Access Recovery charges for the year beginning July 1, 2012 (True-up amount). The ARC-TUP form shows the calculation of the difference in Expected ARC Revenues and Actual ARC revenues for the year beginning July 1, 2016. Actual line counts for the period are multiplied by the ARC rate for that period by exchange and by line type (RES/Non-Primary Residential/BRI, Single Line Business, and Multiline Business). These revenues are compared to the Expected ARC Revenues for the period based on the same Exchanges and line types. The difference in this calculation is the True-up amount that is included on the ERTRP (eligible Recovery) Form as part of the current year Eligible Recovery calculation.

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 1.8717 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 BDS Order, and as noted in the Commission's Order, DA 17-1009, the X-factor is set to 2.0 percent minus the inflation rate for the deemed non-competitive services remaining in 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) Regulatory Fees; (2) Telecommunications Relay Support; (3) North American Number Plan Administration; (4) 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. Development of Regulatory Fees

On May 23, 2017, the Commission released its Notice of Proposed Rulemaking in the Matter of *Assessment and Collection of Regulatory Fees for Fiscal Year 2017*. This NPRM proposed the Regulatory Fee

factor of 0.00302. CBT's calculated its 2017 Regulatory Fees exogenous adjustment by multiplying the 0.00302 factor by the 2016 end-user revenue from FCC Form 499A. On May 22, 2018, the Commission released its Report and Order in the Matter of *Assessment and Collection of Regulatory Fees for Fiscal Year 2018*. This Order specified the Regulatory Fee factor of 0.00276. The current 0.00276 factor was multiplied by CBT's end-user revenue from FCC Form 499A to yield CBT's 2018 Regulatory Fees exogenous adjustment. See Exhibit EXG-ALLOCATE.

2. 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 The 2017-2018 Fund Year*. This Public Notice proposed a TRS Factor of 0.02244. This factor was used in CBT's 2017 Annual Access Filing. 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*. This Order proposed a TRS Factor of 0.02289 which was higher than the June 2, 2017 Public Notice. CBT filed a Mid-Year Tariff Review Plan, Transmittal No. 911 to reflect the revised TRS factor. On May 14, 2018, the Commission released its Public Notice *Rolka Loube Associates Submits Payment Formulas And Funding Requirement For The Interstate*

Telecommunications Relay Services Fund For The 2018-2019 Fund Year.

This Public Notice proposed a TRS Factor of 0.03034. CBT's 2018 TRS exogenous calculation reflects removing the impact of the change of the factor from 0.02244 to 0.02289 as well as the multiplication of the current 0.03034 factor by the 2017 end-user revenue from FCC Form 499A to yield CBT's 2018 TRS exogenous adjustment. See Exhibit EXG-ALLOCATE.

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

The Commission released Public Notice CC Docket 92-237, DA 17-899 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 filed a Mid-Year Tariff Review Plan, Transmittal No. 911 to reflect the revised NANPA factor. CBT's 2018 NANP exogenous calculation reflects removing the impact of the change of the factor from 0.0000368 to

0.0000518 as well as the multiplication of the current 0.0000518 factor by the 2017 end-user revenue from FCC Form 499A to yield CBT's 2018 NANP exogenous adjustment. See Exhibit EXG-ALLOCATE.

4. 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 2017 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 \$5.42 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 \$5.39 for Residence and Single-line business, \$5.39 for Non-primary Residence and ISDN-BRI, and \$5.39 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 \$99,850. 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 BDS Order, the X-factor is set to 2.0 percent minus the inflation rate for the deemed non-competitive services remaining in the Special Access basket.

Competitive Counties

The Commission released its Public Notice, *Wireline Competition Bureau Publicly Releases Lists of Counties Where Lower Speed TDM-Based Business Data Services Are Deemed Competitive, Non-Competitive, or Grandfathered* DA 17-463 on May 15, 2017. The Public Notice contained a link to the Commission's website where the list of competitive and non-competitive counties was available.

The Commission's list reflected two counties within CBT's Kentucky territory that were deemed non-competitive. The remainder of CBT's area was deemed competitive.

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.

CBT's two non-competitive counties each have two wire centers fully contained within their respective counties. The wire center boundaries line up exactly with the boundaries of CBT's non-competitive counties. CBT's BDS non-competitive demand is obtained from CBT's Carrier Access Billing System (CABS). The non-competitive recurring demand is obtained as a count of in-service quantities. CBT examined individual circuit types and addresses to verify that the included demand met the BDS non-competitive criteria for inclusion in the non-competitive demand data. CBT does not have wireless backhaul demand with speeds of DS3 or below in its non-competitive counties.

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.

Revenue Summary

CBT compared the current and proposed revenues in the Common Line Basket and the Special Access Basket. CBT calculated the difference in total revenues and the percentage difference in revenues for sub-categories in the Common Line Basket and the Special Access Basket. CBT also compared the RDET sub-category totals to Form SUM-1 totals. See Form REV-SUM

Excluded Services

Consistent with the requirements of the Paragraph 28 of the TRP Notice, CBT has provided a list of services that are tariffed, but are excluded from Price Caps. See Exhibit OUTPC-1. Also pursuant to paragraph 28, CBT is not listing the services that are not subject to Price cap regulation pursuant to the USF/ICC Transformation Order (BDS ORDER).

New Services

CBT has included a listing of new services introduced in 2017. See Exhibit CBT-NEW.

492A Forms

CBT's Compliance Plan in WC Docket No. 12-61¹ was approved by the Commission in *Wireline Competition Bureau Approves Cincinnati Bell Compliance Plan*, released March 17, 2015. Therefore CBT is no longer required to prepare the Form 492A.

Universal Service Fund

CBT proposes to revise the Universal Service Fund (USF) factor per Commission Order. The Commission released its *Proposed Third Quarter 2018 Universal Service Contribution Factor*, DA 18-613 on June 13, 2018. The Commission proposed a USF factor of 17.9 %, down from the previous factor of 18.4%. CBT recovers its USF contribution, pursuant to the Commission's Contribution Methodology Order² by applying the relevant USF Contribution factor to the following charges:

- * EUCL
- * Presubscribed Interexchange Carrier (PIC) change charge

¹ *Petition of USTelecom for Forbearance Under 47 U.S.C § 160(c) from Enforcement of Certain Legacy Telecommunications Regulations*, released May 17, 2013

² *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 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.

Filing Date: 06/18/18
 Filing Entity: CBTC - Cincinnati Bell Total
 Transmittal Number: 915
 June 18, 2018 Annual Access TRP Filing
 Page 1 of 2

Price Cap Tariff Review Plan

IND-TM

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	6/30/17 PCI (I)	6/30/17 SBI (J)
Special Access Basket					
720 VG/WATS, Met, Tgh - Special	N/A	N/A	909	N/A	909
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	909	N/A	909
750 DS-1 SubCat - Special	N/A	N/A	909	N/A	909
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

Filing Date: 06/18/18
 Filing Entity: CBTC - Cincinnati Bell Total
 Transmittal Number: 915
 June 18, 2018 Annual Access TRP Filing
 Page 2 of 2

Price Cap Tariff Review Plan

IND-TM

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	6/30/17 PCI (I)	6/30/17 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	909	909	N/A	909	N/A

June 18, 2018 Annual Price Cap Access Filing (CBTCAN18.XLS)
Exogenous Cost Changes Detail

	2016 Annual		FCC 17-111 9/5/2017 <u>Regulatory Fee</u> (C')=B' * 0.00302	Rolka Loube Estimate 6/2/2017 <u>Telecom Relay</u> (D') = B' * 0.02244	DA 16-899 8/8/2016 <u>NANPA</u> (E') = A' * 0.0000368
	Total	Interstate			
	End User Revenues (499A) (A')	End User Revenues (499A) (B')			
Exogenous Amount	\$ 187,674,627	\$ 43,793,247	\$ 132,256	\$ 982,720	\$ 6,906
Excluded Revenue	\$ 10,993,554	\$ 10,993,554			
Price Cap Revenue Percentage	94.14%	74.90%			

	2017 Mid-Year Rate Changes		Annualization Reversal (H') = (G') * 12 / 9	
	Rolka Loube Estimate 6/2/2017 <u>Telecom Relay</u> (D') = B' * 0.02244	DA 17-642 6/30/2017 <u>Telecom Relay</u> (F') = B' * 0.02289		Difference (G') = (F') - (D')
Exogenous Amount	\$ 982,720	\$ 1,002,427	\$ 19,707	
			\$ 26,276	

	2017 Mid-Year Rate Changes		Annualization Reversal (K') = (J') * 12 / 9	
	DA 16-899 8/8/2016 <u>NANPA</u> (E') = A' * 0.0000368	DA 17-783 8/17/2017 <u>NANPA</u> (I'') = A'' * 0.0000518		Difference (J') = (E') - (I')
	\$ 6,906	\$ 9,722	\$ 2,815	
			\$ 3,753	

	2017 Annual		FCC 18-65 5/22/2018 <u>Regulatory Fee</u> (C'') = B'' * 0.00276	DA 18-494 5/14/2018 <u>Telecom Relay</u> (D'') = B'' * 0.03034	DA 17-783 8/17/2017 <u>NANPA</u> (E'') = A'' * 0.0000518
	Total	Interstate			
	End User Revenues (499A) (A'')	End User Revenues (499A) (B'')			
Exogenous Amount	\$ 194,279,503	\$ 43,671,818	\$ 120,534	\$ 1,325,003	\$ 10,064
Excluded Revenue	\$ 17,692,148	\$ 17,692,148			
Price Cap Revenue Percentage	90.89%	59.49%			

	7/17 - 6/18	7/18 - 6/19	Exogenous
<u>Telecom Relay Support</u>			
Rolka Loube Estimate - 0.02244 Factor 2016 Revenue - D'	\$ 982,720		
DA 17-642 - .02289 Factor 2016 Revenue - H'	\$ 26,276		
DA 18-494 - * 0.03034 Factor 2017 Revenue - D''		\$ 1,325,003	
	\$ 1,008,996	\$ 1,325,003	
% Price Cap Allocation	74.90%	59.49%	
Price Cap Only	\$ 755,705	\$ 788,223	
FCC 2016 Price Cap Interstate End User Revenue	32,799,693		
FCC 2017 Price Cap Interstate End User Revenue	25,979,670		
Revenue Change (R)	-20.79295%		
Price Cap Only with R Adj	\$ 598,572	\$ 788,223	\$ 189,652

	7/17 - 6/18	7/18 - 6/19	Exogenous
<u>Regulatory Fee Support:</u>			
FCC 17-111 - 0.00302 Factor 2016 Revenue - C'	\$ 132,256		
FCC 18-65 - 0.00276 Factor 2017 Revenue - C''		\$ 120,534	
	\$ 132,256	\$ 120,534	
% Price Cap Allocation	74.90%	59.49%	
Price Cap Only	\$ 99,055	\$ 71,704	

Filing Date: 06/18/2018
 Filing Entity: CBTC - Cincinnati Bell Total
 Transmittal Number: 915

June 18, 2018 Annual Price Cap Access Filing (CBTCAN18.XLS)
Exogenous Cost Changes Detail

FCC 2016 Price Cap Interstate End User Revenue	32,799,693		
FCC 2017 Price Cap Interstate End User Revenue	25,979,670		
Revenue Change (R)	-20.79295%		
Price Cap Only with R Adj	\$ 78,459	\$ 71,704	\$ (6,755)

North American Numbering Plan Administration:

	<u>7/17 - 6/18</u>	<u>7/18 - 6/19</u>	<u>Exogenous</u>
DA 16-899 - 0.0000368 Factor 2016 Revenue - E'	6,906		
DA 17-783 - 0.0000518 Factor 2017 Revenue - K"	3,753		
DA 17-783 - 0.0000518 Factor 2017 Revenue - E"		10,064	
	10,660	10,064	
% Price Cap Allocation	94.14%	90.89%	
Price Cap Only	\$ 10,035	\$ 9,147	
FCC 2016 Price Cap Interstate End User Revenue	176,681,073		
FCC 2017 Price Cap Interstate End User Revenue	176,587,355		
Revenue Change (R)	-0.05304%		
Price Cap Only with R Adj	\$ 10,030	\$ 9,147	\$ (883)

Filing Date: 06/18/2018
 Filing Entity: CBTC - Cincinnati Bell Total
 Transmittal Number: 915

EXG-ALLOCATE

Page 3 of 3

June 18, 2018 Annual Price Cap Access Filing (CBTCAN18.XLS)
Exogenous Cost Changes Detail

	<u>Common Line</u>	<u>Special</u>	<u>Excluded Revenues</u>	<u>Price Cap Revenue</u>
499A 2017 Annual Interstate End User Revenues	\$ 25,796,851	\$ 182,819	\$ -	\$ 25,979,670
Allocation Basis	99.30%	0.70%	0.00%	
Telecom. Relay Support	\$ 188,317	\$ 1,335	\$ -	\$ 189,652
Regulatory Fee Support:	\$ (6,707)	\$ (48)	\$ -	\$ (6,755)
NANPA	\$ (877)	\$ (6)	\$ -	\$ (883)
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 180,733	\$ 1,281	\$ -	\$ 182,014
Allocation - See Attached Forms	\$ -	\$ -	\$ -	\$ -
ITC Amortization	\$ 2,285	\$ 4	\$ 1,761	\$ 4,050
	<hr/>	<hr/>	<hr/>	<hr/>
Sub Total	\$ 2,285	\$ 4	\$ 1,761	\$ 4,050
Grand Total Exogenous	\$ 183,018	\$ 1,285	\$ 1,761	\$ 186,064

Summary of Exogenous Changes

	<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	\$2,285	\$4	\$1,761	\$4,050
	Total Exogenous	Sum (Line 1.... Line 2)	\$2,285	\$4	\$1,761	\$4,050

Development of Investment Tax Credit (ITC)

<u>Description</u>	<u>Source</u>	<u>A</u> <u>7/17-6/18</u>	<u>B</u> <u>7/18-6/19</u>	<u>C=B-A</u> <u>Delta</u>	
1 Total Company	Note 1	\$114,680	\$107,280	(\$7,400)	
2 Interstate	Note 2	\$27,602	\$24,971	(\$2,631)	
		56.46% Common Line	0.06% Special Access	43.48% Exlcuded	Total
3 Investment Tax Credit	Note 3	(\$1,485)	(\$2)	(\$1,144)	(\$2,631)
4 Federal Income Tax	Line 3/(1-.35)*-1	\$2,285	\$4	\$1,761	\$4,050
5 Revenue Impact		\$2,285	\$4	\$1,761	\$4,050

Note 1: Column A from Transmittal No. 909 Form EXG-ITC. Column B from corporate tax.

Note 2: EXD-ITC. CBT internal worksheet used to calculate interstate amounts = 0.23276

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

<u>Corporate Tax</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>	<u>Midpoint</u>
	\$114,680	\$107,280	\$221,960	\$110,980

		<u>Ratio</u>
Interstate Common Line	Form Sum 1 line 120	\$ 22,970,372 0.5646
Interstate Special Access	Form Sum 1 line 340	\$ 25,283 0.0006
Excluded Revenues	Internal Worksheet	\$ 17,692,148 0.4348
Total		\$ 40,687,803 1.00

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	CURRENT	PROPOSED	BASE PERIOD DEMAND x RATES AT LAST	BASE PERIOD DEMAND x CURRENT	BASE PERIOD DEMAND x PROPOSED
TM 870								
18-Jun-12	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 915)
 to yield the IAS amount of \$99,850.
 Below are lines 180 and 185 from the current RTE-1 Form in TM 909

IAS per line amount 0.02443748
 Lines 4,085,933
 IAS Amount \$ 99,850

		BASE PERIOD DEMAND	RATES AT LAST PCI UPDATE	CURRENT RATES	PROPOSED RATES	BASE PERIOD DEMAND x PCI UPDATE	BASE PERIOD DEMAND x CURRENT RATES	BASE PERIOD DEMAND x PROPOSED RATES
TM 915								
18-Jun-18	180 Other Common Line	N/A	N/A	N/A	N/A	0	0	0
	185 USAC Receipts	4,085,933	0.02443748	0.02443748	0.02443748	99,850	99,850	99,850

IMP-ANALYSIS

0

Filing Entity: CBTC - Cincinnati Bell Total
 Filing Date: 06/18/2018
 Transmittal No.: 915

TRP

June 18, 2018 Annual Price Cap Access Filing (CBTCAN18.XLS)
 IMPACT ANALYSIS FOR INDUSTRY

Basket Description	Demand Times	Demand Times	Difference (C) = (B) - (A)	% Difference (D) = (C)/(A)	SUM-1	SUM-1	Difference (B1) = A - A1	SUM-1	Difference (D1) = B - C1
	Current Rate (A)	Proposed Rate (B)			BASE PERIOD DEMAND x RATES AT LAST PCI UPDATE (A1)	BASE PERIOD DEMAND x PROPOSED RATES (C1)			
Common Line Basket									
End User Common Line	\$22,870,522	\$23,053,540	\$183,018	0.80%	\$22,870,522	\$0	\$23,053,540	\$0	
Common Line per MOU	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	
PICC Common Line	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	
Other Common Line	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	
USAC IAS Support	\$99,850	\$99,850	\$0	0.00%	\$99,850	\$0	\$99,850	\$0	
Total Common Line	\$22,970,372	\$23,153,390	\$183,018	0.80%	\$22,970,372	\$0	\$23,153,390	\$0	
Special Access Basket									
VoiceGrade/WATS - NonDZ	\$2,808	\$3,024	\$216	7.69%	\$2,808	\$0	\$3,024	\$0	
Audio & Video - NonDZ	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	\$0	
Total High Cap/DDS	\$22,475	\$23,483	\$1,008	4.48%	\$22,475	\$0	\$23,483	\$0	
Total High Cap - DS1 - Special	\$22,475	\$23,483	\$1,008	4.48%					
High Cap - DS1 - SP - DZ1	\$0	\$0	\$0	0.00%					
High Cap - DS1 - SP - DZ2	\$0	\$0	\$0	0.00%					
High Cap - DS1 - SP - DZ3	\$0	\$0	\$0	0.00%					
High Cap - DS1 - SP - NonDZ	\$22,475	\$23,483	\$1,008	4.48%					
Total High Cap - DS3 - Special	\$0	\$0	\$0	0.00%					
High Cap - DS3 - SP - DZ1	\$0	\$0	\$0	0.00%					
High Cap - DS3 - SP - DZ2	\$0	\$0	\$0	0.00%					
High Cap - DS3 - SP - DZ3	\$0	\$0	\$0	0.00%					
High Cap - DS3 - SP - Non DZ	\$0	\$0	\$0	0.00%					
High Cap - Digital Data NonDZ	\$0	\$0	\$0	0.00%					
Total Special Access Basket	\$25,283	\$26,507	\$1,224	4.84%	\$25,283	\$0	\$26,507	\$0	
Grand Total (Common Line & Special)	\$22,995,655	\$23,179,896	\$184,242	0.80%	\$22,995,655	\$0	\$23,179,896	\$0	

SERVICES OUTSIDE OF PRICE CAP

<u>Rate Element Detail</u>	<u>Tariff Section</u>
Special Construction	
Special Construction	FCC #35 7.2
Collocation/Interconnection	
Physical Collocation	FCC #35 17.10.2
Virtual Collocation	FCC #35 17.11.1
Packet Services	
Ethernet Service	FCC #35 19.6
Ethernet Point-to-Point Service	FCC #35 24.4
Cincinnati Bell Ethernet Service Silver	FCC #35 26.7
End User Services	
End User USF End User Charge	FCC #35 4.10
Government Services	
Special Government Access Services –TSP & GETS	FCC #35 10.8.2
Miscellaneous	
Special Facilities Routing of Access Services	FCC #35 11.2

CBT-NEW

2018 New Services

CBT introduced the following new services in 2017:

<u>New Service</u>	<u>Transmittal</u>	<u>Basket</u>	<u>Category</u>
			NONE