

Cincinnati Bell Telephone LLC

Tariff FCC No. 35

2018 Mid-Year Tariff Review Plan Filing

Transmittal No. 916

September 14, 2018

Description & Justification

Introduction

Cincinnati Bell Telephone Company (CBT) makes this mid-year 2018 Tariff Review Plan (TRP) Filing in order to reflect revised Regulatory Fees, 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 2018.

Regulatory Fees, TRS and NANP Exogenous Costs

Subsequent to CBT's 2018 Annual Access Filing the Commission released revised Regulatory Fees, TRS and NANP factors. The new factors caused changes to CBT's exogenous cost recovery calculations. A description of the Regulatory Fees, TRS and NANP exogenous costs changes follows.

A. Development of Regulatory Fees

On May 22, 2018, the Commission released its Notice of Proposed Rulemaking in the Matter of *Assessment and Collection of Regulatory Fees for Fiscal Year 2018*. This NPRM proposed the Regulatory Fee factor of 0.00276. CBT's calculated its 2018 Regulatory Fees exogenous adjustment by multiplying the 0.00276 factor by the 2017 end-user

revenue from FCC Form 499A. On August 29, 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 0.00291. The current 0.00291 factor was multiplied by CBT's end-user revenue from FCC Form 499A to yield CBT's 2018 Regulatory Fees exogenous adjustment. CBT computed the difference between the original and revised 2018 adjustments. CBT then grossed up the revised 2018 adjustment to recover the 12-month exogenous cost impact. See Exhibit EXG-ALLOCATE.

B. Development of Telecom Relay Support (TRS)

On May 4, 2018, the Commission released its Public Notice *Rolka Loubé Associates Submits Payment Formulas And Funding Requirement For The Interstate Telecommunications Relay Services Fund For 2018-2019 Fund Year*. This Public Notice proposed a TRS Factor of 0.03034. CBT's calculated its 2018 TRS exogenous Adjustment by multiplying the 0.03034 factor by the 2017 end-user revenues from FCC Form 499A.

On June 29, 2018, 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 18-680.

This Order specified a TRS factor of 0.02801. This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2018 revised exogenous cost adjustment. CBT computed the difference between the original and revised 2018 adjustments. CBT then grossed up the revised 2018 adjustment to recover the 12-month exogenous cost impact. See Exhibit EXG-ALLOCATE.

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

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 NANP exogenous adjustment.

The Commission released Public Notice CC Docket 92-237, DA 18-727 on July 13, 2018. This Public Notice proposed a NANP factor of 0.0000427 for the period from October 2018 through September 2019. This factor was multiplied by CBT's end-user revenue from FCC Form 499A to yield CBT's 2018 revised NANP exogenous adjustment. CBT computed the difference between the original and revised 2018

adjustments. CBT then grossed up the revised 2018 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 2017 demand levels.

As a result of the Regulatory Fees, NANP and TRS factor changes, CBT has recalculated its proposed Common Line, Marketing and Transport (CMT) revenue. The CMT revenue per line of \$5.40 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 \$5.38 for Residence and Single-line business, \$5.38 for Non-primary Residence and ISDN-BRI, and \$5.38 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.

Universal Service Fund

CBT proposes to revise the Universal Service Fund (USF) factor per Commission Order. The Commission released its *Proposed Fourth Quarter 2018 Contribution Factor*, DA 18-944 on September 12, 2018. The Commission proposed a USF factor of 20.1 % 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.

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September 14, 2018 Mid-Year Price Cap Access Filing (CBTC9148.XLS)
Exogenous Cost Changes Detail

	2017 Annual		FCC 18-65	DA 18-494	DA 17-783
	Total	Interstate	5/22/2018	5/14/2018	8/17/2017
	End User Revenues		Regulatory Fee	Telecom Relay	NANPA
	(499A)	(499A)	(C) = B * 0.00276	(D) = B * 0.03034	(E) = A * 0.0000518
	(A)	(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%			

	2017 Annual		FCC DA 18-126	FCC DA 18-680	DA 18-727
	Total	Interstate	8/29/2018	6/29/2018	7/13/2018
	End User Revenues		Regulatory Fee	Telecom Relay	NANPA
	(499A)	(499A)	(C) = B * 0.00291	(D) = B * 0.02801	(E) = A * 0.0000427
	(A)	(B)			
Exogenous Amount	\$ 194,279,503	\$ 43,671,818	\$ 127,085	\$ 1,223,248	\$ 8,296
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	Annualized
	(A")	(B")	(C") = B" - A"	(D") = C" * 12 / 9
Regulatory Fee Support:				
FCC 18-65 - 0.00276 Factor 2017 Revenue - C	\$ 120,534	\$ 127,085		
FCC DA 18-126 - 0.00291 Factor 2017 Revenue - C'	\$ 120,534	\$ 127,085		
% Price Cap Allocation	59.49%	59.49%		
Price Cap Exogenous Amount	\$ 71,704	\$ 75,601	3,897	5,196

	7/17 - 6/18	7/18 - 6/19	Exogenous	Annualized
	(A")	(B")	(C") = B" - A"	(D") = C" * 12 / 9
Telecom Relay Support				
DA 18-494 - 0.03034 Factor 2017 Revenue - D	\$ 1,325,003	\$ 1,223,248		
FCC DA 18-680 - 0.02801 Factor 2017 Revenue - D'	\$ 1,325,003	\$ 1,223,248		
% Price Cap Allocation	59.49%	59.49%		
Price Cap Exogenous Amount	\$ 788,223	\$ 727,691	(60,533)	(80,710)

	10/17 - 9/18	10/18 - 9/19	Exogenous	Annualized
	(A")	(B")	(C") = B" - A"	(D") = C" * 12 / 9
North American Numbering Plan Administration:				
DA 17-783 - 0.0000518 Factor 2017 Revenue - E	\$ 10,064	\$ 8,296		
DA 18-727 - 0.0000427 Factor 2017 Revenue - E'	\$ 10,064	\$ 8,296		
% Price Cap Allocation	90.89%	90.89%		
Price Cap Exogenous Amount	\$ 9,147	\$ 7,540	(1,607)	(2,143)

	Common Line	Special	Price Cap Revenue
499A 2017 Interstate End User Revenues	\$ 25,796,851	\$ 182,819	\$ 25,979,670
Allocation Basis	99.30%	0.70%	
Regulatory Fee Support Exogenous	\$ 5,159	\$ 37	\$ 5,196
Telecom Relay Support Exogenous	\$ (80,142)	\$ (568)	\$ (80,710)
NANPA Exogenous	\$ (2,128)	\$ (15)	\$ (2,143)
Total Exogenous	\$ (77,110)	\$ (546)	\$ (77,657)