

**Cincinnati Bell Telephone LLC**

**Tariff FCC No. 35**

**2019 Mid-Year Tariff Review Plan Filing**

**Transmittal No. 924**

**September 14, 2019**

## **Description & Justification**

### **Introduction**

Cincinnati Bell Telephone Company (CBT) makes this mid-year 2019 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 2019.

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

Subsequent to CBT's 2019 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 August 29, 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 0.00291. CBT's calculated its 2019 Regulatory Fees exogenous adjustment by multiplying the 0.00291 factor by the 2018 end-user revenue from FCC Form 499A. On August 27, 2019, the Commission released its Report and Order in the Matter of *Assessment and Collection*

*of Regulatory Fees for Fiscal Year 2019.* This Order specified the Regulatory Fee factor of 0.00317. The current 0.00317 factor was multiplied by CBT's end-user revenue from FCC Form 499A to yield CBT's 2019 Regulatory Fees exogenous adjustment. See Exhibit EXG-ALLOCATE.

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

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. CBT's calculated its 2019 TRS exogenous Adjustment by multiplying the 0.02801 factor by the 2018 end-user revenues from FCC Form 499A.

On June 28, 2019, 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 19-607.

This Order specified a TRS factor of 0.02779. This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2019 revised exogenous cost adjustment. CBT computed the difference between the original and revised 2019 adjustments. CBT then grossed up the revised 2019 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 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 2019 NANP exogenous adjustment.

The Commission released Public Notice CC Docket 92-237, DA 19-810 on August 22, 2019. This Public Notice proposed a NANP factor of 0.0000908 for the period from October 2019 through September 2020. This factor was multiplied by CBT's end-user revenue from FCC Form 499A to yield CBT's 2019 NANP exogenous adjustment. 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 2018 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 \$5.41 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 2019 Contribution Factor*, DA 19-910 on September 12, 2019. The Commission proposed a USF factor of 25.0 % up from the previous factor of 24.4 %. 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.

Filing Date: 09/16/2019  
 Filing Entity: CBTC - Cincinnati Bell Total  
 Transmittal Number: 924

September 16, 2019 Mid-Year Price Cap Access Filing (CBTC91619.XLS)  
Exogenous Cost Changes Detail

	2018 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	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	\$ 174,961,256	\$ 44,509,025	\$ 129,521	\$ 1,246,698	\$ 7,471
Excluded Revenue	\$ 20,227,484	\$ 20,227,484			
Price Cap Revenue Percentage	88.44%	54.55%			

	FCC DA 18-680	FCC DA 19-607		Annualized
	6/29/2018	6/28/2019	Difference	Reversal
	Telecom Relay	Telecom Relay	(F) = (D) - (D')	(G) = (F) * 12 / 9
	(D) = B * 0.02801	(D') = B * 0.02779		
Exogenous Amount	\$ 1,246,698	\$ 1,236,906	\$ 9,792	\$ 13,056

	2018 Annual		FCC DA 19-83	FCC DA 19-607	DA 19-810
	Total	Interstate	8/27/2019	6/28/2019	8/22/2019
	End User Revenues	End User Revenues	Regulatory Fee	Telecom Relay	NANPA
	(499A)	(499A)	(C) = B * 0.00317	(D) = B * 0.02779	(E) = A * 0.0000908
	(A)	(B)			
Exogenous Amount	\$ 174,961,256	\$ 44,509,025	\$ 141,094	\$ 1,236,906	\$ 15,886
Excluded Revenue	\$ 20,227,484	\$ 20,227,484			
Price Cap Revenue Percentage	88.44%	54.55%			

	7/18 - 6/19	7/19 - 6/20	Exogenous
	(A")	(B")	(C") = B" - A"
Regulatory Fee Support:			
FCC DA 18-126 - 0.00291 Factor 2018 Revenue - C	\$ 129,521	\$ 141,094	
FCC DA 19-83 - 0.00317 Factor 2018 Revenue - C'	\$ 129,521	\$ 141,094	
% Price Cap Allocation	54.55%	54.55%	
Price Cap Exogenous Amount	\$ 70,659	\$ 76,972	\$ 6,313

	7/18 - 6/19	7/19 - 6/20	Exogenous
	(A")	(B")	(C") = B" - A"
Telecom Relay Support			
FCC DA 18-680 - 0.02801 Factor 2018 Revenue - D	\$ 1,246,698	\$ 1,236,906	
FCC DA 19-607 - 0.02779 Factor 2018 Revenue - G	\$ 13,056	\$ 13,056	
FCC DA 19-607 - 0.02779 Factor 2018 Revenue - D'	\$ 13,056	\$ 1,236,906	
% Price Cap Allocation	54.55%	54.55%	
Price Cap Exogenous Amount	\$ 687,249	\$ 674,784	\$ (12,465)

	7/18 - 6/19	7/19 - 6/20	Exogenous
	(A")	(B")	(C") = B" - A"
North American Numbering Plan Administration:			
DA 18-727 - 0.0000427 Factor 2018 Revenue - E	\$ 7,471	\$ 15,886	
DA 19-810 - 0.0000908 Factor 2018 Revenue - E'	\$ 7,471	\$ 15,886	
% Price Cap Allocation	88.44%	88.44%	
Price Cap Exogenous Amount	\$ 6,607	\$ 14,050	\$ 7,443

	Common Line	Special	Price Cap
			Revenue
499A 2017 Interstate End User Revenues	\$ 24,110,910	\$ 170,632	\$ 24,281,542
Allocation Basis	99.30%	0.70%	
Regulatory Fee Support Exogenous	\$ 6,269	\$ 44	\$ 6,313
Telecom Relay Support Exogenous	\$ (12,377)	\$ (88)	\$ (12,465)
NANPA Exogenous	\$ 7,390	\$ 52	\$ 7,443
Total Exogenous	\$ 1,282	\$ 9	\$ 1,291