

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington D.C. 20554**

In the Matter of)	WCB/Pricing 03-15
)	
2003 Annual Access)	
Filing Comments)	

REPLY COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

Cincinnati Bell Telephone Company ("CBT"), hereby submits its reply to the comments of AT&T Corp. ("AT&T") addressing CBT's 2003 Annual Access Filing.

A. Introduction

By these reply comments, CBT shows that the comments of AT&T are without merit and should be summarily dismissed, and the FCC should allow CBT's Annual Access Tariff filing to be effective on July 1, 2003, without suspension or investigation.

B. AT&T asserts that some of the Price Cap LECs have not properly allocated the Telecommunications Relay Service (TRS) exogenous adjustment among the Price Cap Baskets.

AT&T asserts that some LECs have incorrectly allocated their TRS exogenous adjustment based on total basket revenues rather than end-user basket revenues. AT&T claims that the TRS Exogenous Adjustment allocation should be based on end-user revenues. AT&T's cites Commission Rules in Section 64.605 in an attempt to support its erroneous claim. The Commission's Rules in Section 64.605 address the TRS fund in areas including minimum service standards, complaints, and fund administration. Exogenous Adjustment allocations for Price Cap companies filing under CALLS are

governed by the Commission's Rules in Section 61.45(d)(3). The language in this Section was changed under CALLS to remove language requiring Exogenous Cost allocation among baskets be on a cost causative basis. Section 61.45(d)(3) states "Exogenous cost changes shall be apportioned on a cost-causative basis between price cap services as a group, and excluded services as a group. Total exogenous cost changes thus attributed to price cap services shall be recovered from services other than those used to calculate the ATS charge". The Commission's Rules clearly do not require cost-causative allocation of exogenous costs. Thus, Companies filing under CALLS are not required to allocate the TRS exogenous adjustment by end-user revenues.

CBT has been consistent in its methodology of allocation the TRS exogenous costs in past annual access filings. In their analysis of CBT's past annual access filings AT&T had not found reason to comment on CBT's allocation methodology. AT&T's claim in this matter should be dismissed by the Commission.

C. AT&T asserts that Price Cap LECs should be required to provide data to confirm that their Excess Deferred Tax account balances are greater than zero.

AT&T asserts that all Price Cap LECs should have a zero remaining Excess Deferred Tax balance. This is not true. Because the beginning amounts of Excess Deferred Tax were not the same for all companies, the point at which the Excess Deferred Tax account reaches zero will also differ. CBT provides the table below to demonstrate that its has a remaining Excess Deferred Tax balance remaining. CBT entered Price Cap regulation with its July, 1997 Annual Filing. Therefore, the table begins with the year 1997.

<u>Year</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
1997	\$ 6,918,370	\$ 1,634,503	\$ 5,283,867
1998	\$ 5,283,867	\$ 1,171,405	\$ 4,112,462
1999	\$ 4,112,462	\$ 662,035	\$ 3,450,427
2000	\$ 3,450,427	\$ 255,757	\$ 3,194,670
2001	\$ 3,194,670	\$ 264,572	\$ 2,930,098
2002	\$ 2,930,098	\$ 171,972	\$ 2,758,126
2003	\$ 2,758,126 (current balance)		

The above table illustrates that CBT has a remaining Excess Deferred Tax balance. AT&T's claim in this matter should be dismissed by the Commission.

D. AT&T Raised No Objections to CBT's Exogenous Cost Adjustments and Basket Allocations in the May 1, 2003 Short TRP Filing.

CBT submitted its Excess Deferred Tax and TRS Exogenous Costs as part of its May 1, 2003 Short-form Tariff Review Plan (TRP) filing, as required by the Commission. The Commission, in its Report And Order, *In The Matter of Implementation of Section 402(b)(1)(A) of the Telecommunications Act of 1996*, Released January 31, 1997, states in paragraph 101 that the chief purposes of TRPs are to: 1) justify the LECs exogenous cost adjustments to their PCIs; 2) verify revisions to the price cap indices; and 3) verify that the proposed rates are within established price caps. The Commission further states in paragraph 101 that the first two purposes can be accomplished through early filing of TRPs that do not contain proposed rates. AT&T had the opportunity to comment on CBT's exogenous adjustments with the May 1, 2003 short TRP filing, but found CBT's Exogenous Cost adjustments and basket allocations acceptable.

E. Conclusion

The Commission should allow CBT's 2003 Annual Access Filing, Transmittal No. 783, to take effect on July 1, 2003, as originally filed. None of the comments filed by AT&T have merit relative to CBT and should be summarily rejected by the Commission. CBT has provided the necessary support in the responses above that illustrates its filing is in compliance with the Commission's rules and therefore should not be suspended.

Respectfully Submitted

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