

DESCRIPTION & JUSTIFICATION

Introduction

Cincinnati Bell Telephone proposes several changes in this mid-year TRP filing. First, CBT proposes to revise the Universal Service Fund (USF) percentage per Commission Order. Second, CBT is removing payphone lines from its Presubscribed Interexchange Carrier Charge (PICC) Multi-line Business and PRI-ISDN line count per Commission Order. Third, CBT proposes to reflect the impact of changes in the allocation of exogenous costs filed in its Annual Access Filing, Transmittal No. 783. Finally, CBT is updating the Regulatory Fee and the Telecommunications Relay Service (TRS) exogenous cost factor.

Universal Service Fund

The Commission released its *Proposed Fourth Quarter 2003 Contribution Factor*, DA 03-2833 on September 5, 2003. The Commission proposed a USF factor of 9.2 % down from the previous factor of 9.5%. 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

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.

- * LNP
- * Interstate IntraLATA Toll usage

The USF surcharge for these services is reflected as a separate line item, clearly identified on the customer's bill.

Tariff Review Plans

CBT has included in this filing two Tariff Review Plans (TRPs). The first TRP (CBTC916A) illustrates the removal of payphone line counts from the PICC Multi-line Business and PRI-ISDN line count. The second TRP (CBTC916B) reflects the impact of changes in the allocation of exogenous costs between the Common Line and Special Access baskets as well as updated factors for Regulatory Fees and TRS.

Payphone Line Counts - TRP CBTC916A

The Commission exempted payphone lines from PICC charges 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. This change is reflected in the CAP-1 form of the TRP. CBT no longer has a PICC charge therefore there is no revenue impact of this change.

Exogenous Costs Allocation- TRP CBTC916B

CBT filed its Annual Access Filing in Transmittal No 783, effective July 1, 2003. In its Annual Access filing, CBT allocated its exogenous costs between the Common Line basket and the Special Access basket based on total FCC 499 interstate revenues. Pursuant to industry discussions with FCC staff, CBT is

changing the allocation of its North American Numbering Plan Administration (NANPA) Regulatory Fees, and TRS. In this filing, these exogenous costs are allocated between the Common Line basket and the Special Access basket based upon end-user interstate revenues shown on CBT's FCC 499 form. In order to determine the exogenous adjustments, CBT first removed from the Common Line and Special Access baskets the total exogenous adjustments for NANPA, Regulatory Fees, and TRS that were submitted in its annual access filing. The new exogenous costs were then calculated using the most current factors available. CBT also adjusted the new exogenous amounts for the July - October time frame difference in calculating the new exogenous adjustments. Attachment EXOG-ALLOCATE shows these calculations.

Based on the impact of the exogenous cost allocation and factor changes, CBT's End-user Common Line (EUCL) charge increases by \$0.02 to \$5.34. Additionally, CBT made rate reductions in the Special Access basket.