

## DESCRIPTION & JUSTIFICATION

Cincinnati Bell Telephone (CBT) makes this filing to its FCC No. 35 Access Services tariff in accordance with the Commission's Report & Order, *In the Matter of Presubscribed Interexchange Carrier Charges*, FCC 05-32, released February 17, 2005. In its Order, the Commission stated that Incumbent Local Exchange Companies (ILECs) must change both the structure and rate of their Presubscribed Interexchange Carrier (PIC) change charge. The Commission established a safe harbor of \$5.50 for manual PIC changes and \$1.25 for mechanized PIC changes. The Commission stated that these charges must be halved when both intraLATA and interLATA PICs are changed at the same time. The Commission released its ORDER, *In the Matter of Presubscribed Interexchange Carrier Charges*, FCC 05-1045, on April 8, 2005, extending the time ILECs are allowed to implement the changes to their PIC rates and rate structure.

CBT is adopting the \$5.50 safe harbor for manual PIC changes. However, CBT is filing cost data to support a \$9.32 charge for mechanized PIC changes. Below is a description of CBT's attached cost support.

### **Cost Summary**

**TAB 1** is a summary of the cost elements that comprise CBT's mechanized PIC change charge. A common cost factor of 13% has been applied to the mechanized PIC change cost.

## **PIC Change Demand**

**TAB 2** illustrates CBT's 2003 and 2004 demand for both manual PIC changes and mechanized PIC changes.

## **Process Flow**

**TAB 3** is a flow chart of CBT's mechanized PIC change process. PIC changes are initiated to the process via magnetic tape, through CBT's website, or by Network data Mover (NDM). The Customer Access Records Exchange (CARE) system receives and forwards the PIC change request data into CBT's OS-Order system. The OS-Order system is CBT's central system for all customer order activity. This system sends the information to CBT's Customer Records Information System (CRIS) which is CBT's end-user billing system. OS-Order also sends the PIC change information to OS-Connect which provides the interface to enable service order data from OS-Order to be interpreted by the March system. The March system is the software used to update CBT end-office switches. If the PIC change order falls out of the OS-Connect system due to its complexity, OS-Order will send it to the Recent Change Memory Administration Center (RCMAC) where the PIC change will be manually made in CBT's switching network.

The PIC change data will also go from the OS-Connect system to the March system and then is extracted from the March system by the Firm Order Confirmation (FOC) system. The FOC system enables carriers to be notified of customer PIC change activity within a few hours through the CARE system. Carriers and customers both benefit from this system in terms of accurate billing and timely access to the picked carrier's network. The CRIS system also initiates carrier notification through CARE, but

this notification can take several days. The CARE system verifies whether or not a carrier has been notified of a change through the FOC system before sending the CRIS notification.

## **FOC System/March System**

**TAB 4** depicts the costs for The FOC system and the March System. The FOC system is entirely dedicated to the mechanized PIC change function. This system enables carriers to be notified of end-user PIC changes within hours, rather than days. Both carriers and end-users benefit from this timeliness in terms of accurate billing and quicker notification to the carrier of PIC change activity on behalf of the end-user. FOC is comprised of 2 software packages, WMC and TOPCOM. The costs of these software packages are covered by an annual vendor contract. CBT is in year 2 of a 3-year agreement for these software packages. CBT has divided the annual contracted amount by the 2003-2004 average annual mechanized PIC changes to determine a cost per PIC of \$3.38.

The March system is software to enable CBT to make changes in its switched network. The software maintenance & support costs are also covered by the same vendor agreement as the FOC system. In addition, CBT incurs System Administration support as well as hardware and maintenance costs for the March system. CBT attributes 10% of the March costs to PIC change activity. This 10% of the system costs support all PIC change activity. To compute the cost per PIC, CBT divided the annual March system costs by the total 2004 PIC changes to yield a cost of \$0.28 per PIC change.

## **CARE/OS CONNECT**

**TAB 5** illustrates CBT's costs for OS-Connect and CARE. The OS-Connect system software costs are under a vendor contract. The OS-Connect annual cost attributable to PIC changes is \$10,400.00. The OC-Connect system is used for all PIC changes, thus CBT divided the annual OS-Connect amount by the total annual PIC changes for 2004 to yield a per-PIC change cost of \$0.07.

The CARE costs are an annual amount per a vendor multi-year contract. Of the annual amount, 4% of the contracted costs are incurred for mechanized PIC changes. Thus, CBT multiplied the annual contract amount by 4% and divided the result by the 2003-2004 average annual mechanized PIC changes to determine a cost per PIC of \$0.15.

## **CRIS System**

**TAB 6** shows costs associated with CBT's CRIS System. The CRIS system is the billing system for all CBT end-user customers. The CRIS system also sends PIC change notification to the Carriers via the CARE system, but on a much less timely basis. CRIS costs are part of a larger vendor contract. CBT first annualized the CRIS machine costs per the vendor contract. Then CBT determined the percentage of PIC change orders of the entire number of service orders processed by the CRIS system for 2003 and 2004. CBT counts PIC orders as a PIC change per line. CBT applied that percentage to the total vendor annual contract amount and divided the result by the total annual PIC changes to yield a CRIS cost per PIC change for 2003 and separately for 2004. These 2003 and 2004 costs-per-PIC were trended through 2007 based on the vendor contract. CBT then computed the average of the 2003 to 2007 costs per PIC change to arrive at a

CRIS PIC change cost of \$4.36 per PIC change.

## **Summary**

Performing mechanized PIC changes requires costly systems. CBT, due to its small size, does not enjoy the economies of scale to recover these costs as do larger companies. CBT believes the cost data submitted in this filing supports the proposed mechanized PIC change charge and respectfully requests the Commission's approval of the proposed mechanized PIC change rate.