



221 E. Fourth St.
P.O. Box 2301
Cincinnati, Ohio 45201-2301

October 13, 2009

Ms. Renee Jenkins
Docketing Division Chief
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215-3793

RE: In the Matter of the Application of Cincinnati Bell Telephone Company LLC for
Authority to Issue and Sell \$250,000,000 of Guaranteed Debt Securities, PUCO
Case No. 09-0934-TP-AIS

Dear Ms. Jenkins:

Enclosed for filing is Cincinnati Bell Telephone Company's Application in connection
with the above referenced matter.

This electronic filing does not include any source documents.

Any questions regarding this Application should be directed to me on (513) 397-1375.

Sincerely,

/s/Ted Heckmann
Managing Director Regulatory & Government Affairs

Attachments

**Before the
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of

CINCINNATI BELL TELEPHONE)
COMPANY)
)
Application for Authority to)
Issue and Sell \$250,000,000)
Of Guaranteed Debt Securities)

Case No. 09-0934-TP-AIS

APPLICATION AND STATEMENT

For its Application and Statement herein, Cincinnati Bell Telephone Company LLC (“Applicant”) respectfully represents as follows:

- (1) Applicant is an Ohio corporation, with its principal office in Cincinnati, Ohio. Applicant is engaged in furnishing telecommunications services and products, is a public utility within the meaning of Section 4905.02 of the Ohio Revised Code and as such is subject to the jurisdiction of this Commission. This application is filed pursuant to the provisions of Sections 4905.40 and 4905.41 of the Ohio Revised Code.
- (2) Applicant further states that it is not in violation of Section 4905.23 of the Ohio Revised Code, nor any Order of this Commission made under Section 4905.231 and 4905.381 of the Ohio Revised Code.
- (3) On June 30, 2009 Applicant had authorized capital consisting of 1,000 common shares of the par value of \$12.50 each and 1,000,000 preferred shares without par value. There were issued and outstanding on that date 1,000 common shares representing total capital of \$12,500.00 and no preferred shares. There were also outstanding on that date \$40,000,000 of

Thirty Year 7.20% Medium Term Notes Due November 29, 2023;
\$1,000,000 of Thirty Year 7.25% Medium Term Notes due on December
11, 2023; \$2,500,000 of Thirty Year 7.27% Medium Term Notes due on
December 11, 2023; \$17,500,000 of Thirty Year 7.18% Medium Term
Notes due on December 14, 2023; \$19,000,000 of Thirty Year 7.18%
Medium Term Notes due on December 15, 2023; and \$150,000,000 of
Thirty Year 6.3% Senior Debentures due on December 1, 2028.

- (4) Applicant proposes to issue up to \$250,000,000 of Guaranteed Unsecured Notes and/or Debentures ("New Debt") on a private placement basis at a negotiated price with affiliated or non-affiliated entities. The New Debt will be issued in one or more transactions occurring after the effective date of any order approving this application for a twelve-month period or on December 31, 2010 whichever is later. In order to allow the flexibility to take advantage of the most favorable market conditions and financing opportunities, the precise amount and timing of each debt obligation, including the market in and the method by which it will issue, will be determined by the Applicant at or prior to the time of sale. Similarly, the terms and provisions, price and interest rate (which may be fixed, adjustable, variable or set at auction, remarketing, or other rate setting procedures) will likewise be determined at the time of sale. All of these determinations will be made with due regard for the Applicant's financial condition and requirements then prevailing as well as the anticipated

market conditions, including competing demands for funds, existing at the time of sale.

- (5) Applicant is targeting an all-in cost of financing of 8.5% or less, however at no point will that rate exceed 12%. Applicant proposes the purchase of the New Debt at prices to be paid to Applicant that approximate 95.8% of principal amount thereof. Attached hereto and made a part hereof and marked as Exhibit E is a summary of the estimated expenses of the sale of New Debt supporting Applicants representation that it will receive an approximate price of 95.8% of the principal amount thereof. Applicant asserts it has made no contract for sale of the proposed New Debt prior to this Application and further asserts it will take no such action prior to the Commission ruling on this Application.
- (6) Applicant proposes to apply the proceeds from the issuance of the New Debt for general corporate purposes, including but not limited to the construction, expansion, improvement and maintenance of Applicant's plant and facilities.
- (7) In order to keep the Commission apprised of the status of the Authority granted in its order in this proceeding, the Applicant will issue a report to the Commission outlining the terms and full particulars regarding the issuance of New Debt within 14 days of its issuance. The Applicant will notify the Commission of the principal amount sold, the interest rate obtained, and other agreed to terms, together with such other information as the Commission may from time to time direct.

(8) Attached hereto and made a part hereof are:

- a. Exhibit A – Actual and Pro forma Balance Sheet as of June 30, 2009
- b. Exhibit B – Actual and Pro forma Income Statement for the twelve month period ended June 30, 2009
- c. Exhibit C – Actual and Pro forma Statement of Accumulated Deficit for the twelve month period ended June 30, 2009
- d. Exhibit D – Actual and Pro forma Cash Flow Statement for the twelve month period ended June 30, 2009
- e. Exhibit E – Estimated financing costs to be incurred in connection with issuance and sale of New Debt
- f. Exhibit F – The Applicant's Draft Indenture

WHEREFORE, Applicant respectfully requests The Public Utilities Commission of Ohio to issue an Order authorizing Applicant:

- (1) To issue and sell one or more of its New Debt in the aggregate principal amount of up to \$250,000,000;
- (2) To sell New Debt on a private placement basis at a negotiated price with affiliated or non-affiliated entities after the effective date of the Commission Order for a twelve-month period or until December 31, 2010 whichever is longer;
- (3) To apply the net proceeds of the sale of New Debt for the purposes hereinabove set forth;
- (4) To allow all other and further relief necessary or appropriate.

Respectfully submitted,

CINCINNATI BELL TELEPHONE COMPANY LLC

By: 

Christopher J. Wilson
Vice President, General Counsel and Secretary
Cincinnati Bell Telephone Company LLC
221 East Fourth Street
P.O. Box 2301
Cincinnati, OH 45201-2301

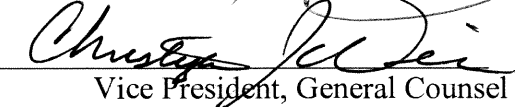
VERIFICATION

IN WITNESS WHEREOF, Applicant has caused this Application and Statement to be

executed this 13th day of October, 2009

CINCINNATI BELL TELEPHONE COMPANY LLC

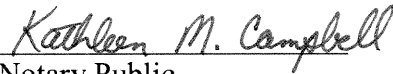
By 
Chief Financial Officer

By 
Vice President, General Counsel and Secretary

STATE OF OHIO)
) ss:
COUNTY OF HAMILTON)

Gary Wojtasek and Christopher J. Wilson being duly sworn, says they are, respectfully, the Chief Financial Officer and the Vice President, General Counsel and Secretary of the above named Applicant, Cincinnati Bell Telephone Company LLC and that the facts stated and representations contained in the foregoing Application and Statement are true as they and each of them believe.

Sworn to before me and subscribed in my presence this 13th day of October, 2009


Notary Public

KATHLEEN M. CAMPBELL
Notary Public, State of Ohio
My Commission Expires 10-14-2013

EXHIBIT A

CINCINNATI BELL TELEPHONE COMPANY LLC
PRO-FORMA BALANCE SHEET - PART 32 BASIS
JUNE 30, 2009
(Unaudited, \$ In Millions)

	Actual	Adjustment		Pro-Forma
Cash and Cash Equivalents	\$ 0.8	\$ -		\$ 0.8
Net Accounts Receivable	96.2	-		96.2
Materials and Supplies	10.7	-		10.7
Other Current Assets	3.6	-		3.6
Total Current Assets	<u>111.3</u>	<u>-</u>		<u>111.3</u>
Property, Plant and Equipment, Gross	2,325.7	239.5 (1)		2,565.2
Accumulated Depreciation	(2,077.8)	(9.6) (2)		(2,087.4)
Property, Plant and Equipment, Net	<u>247.9</u>	<u>229.9</u>		<u>477.8</u>
Deferred Tax Assets	92.9	13.1 (3)		106.0
Other Noncurrent Assets	44.1	5.0 (4)		49.1
Total Assets	<u>\$ 496.2</u>	<u>\$ 248.0</u>		<u>\$ 744.2</u>
Accounts Payable	\$ 147.5	25.0 (5)		\$ 172.5
Other Current and Accrued Liabilities	39.2	-		39.2
Total Current Liabilities	<u>186.7</u>	<u>25.0</u>		<u>211.7</u>
Long-Term Bonds	230.0	245.5 (6)		475.5
Obligations under Capital Leases	4.6	-		4.6
Long-Term Debt	<u>234.6</u>	<u>245.5</u>		<u>480.1</u>
Other Noncurrent Liabilities	30.3	-		30.3
Total Liabilities	<u>451.6</u>	<u>270.5</u>		<u>722.1</u>
Capital Stock and Additional Paid-In Capital	167.1	-		167.1
Accumulated Deficit	(122.5)	(22.5) (7)		(145.0)
Total Stockholder's Equity	<u>44.6</u>	<u>(22.5)</u>		<u>22.1</u>
Total Liabilities and Stockholder's Equity	<u>\$ 496.2</u>	<u>\$ 248.0</u>		<u>\$ 744.2</u>

Notes:

Pro-forma adjustments are presented assuming debt proceeds are received and spent for network construction as of July 1, 2008

- (1) Use of debt proceeds for network construction
- (2) Depreciation from July 1, 2008 - June 30, 2009 on additional network construction
- (3) Income tax adjustment for additional pro-forma expenses
- (4) Debt issuance costs of \$5.5 million less one year amortization
- (5) Payable of \$25.0 million for additional interest on new debt
- (6) Debt issuance of \$250 million less unamortized debt discount
- (7) See Pro-forma Income Statement

EXHIBIT B

CINCINNATI BELL TELEPHONE COMPANY LLC
PRO-FORMA INCOME STATEMENT - PART 32 BASIS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2009
(Unaudited, \$ In Millions)

	<u>Actuals</u>	<u>Adjustment</u>	<u>Pro-Forma</u>
Operating Revenues:			
Local Network Service	\$ 292.4	\$ -	\$ 292.4
Network Access	198.8	-	198.8
Long Distance Network Service	0.7	-	0.7
Miscellaneous	34.2	-	34.2
Nonregulated	136.8	-	136.8
Less Uncollectible Revenue	(9.7)	-	(9.7)
Total Operating Revenues	<u>653.2</u>	<u>-</u>	<u>653.2</u>
Operating Expenses:			
Plant Operations Expense	137.7	-	137.7
Depreciation and Amortization	137.0	9.6 (1)	146.6
Customer Operations Expense	88.1	-	88.1
Corporate Operations Expense	51.9	-	51.9
Total Operating Expenses	<u>414.7</u>	<u>9.6</u>	<u>424.3</u>
Operating Tax Expense	<u>26.0</u>	<u>-</u>	<u>26.0</u>
Net Operating Income	212.5	(9.6)	202.9
Non-Operating Tax Expense	67.4	(13.1) (2)	54.3
Interest Expense and Related Items	15.9	26.0 (3)	41.9
Non-Operating Income	3.9	-	3.9
Other Income	0.4	-	0.4
Net Income	<u>\$ 133.5</u>	<u>\$ (22.5)</u>	<u>\$ 111.0</u>

Notes:

Pro-forma adjustments are presented assuming debt proceeds are received and spent for network construction as of July 1, 2008

- (1) Depreciation from July 1, 2008 - June 30, 2009 on additional network construction
- (2) Income tax reduction due to additional pro-forma expenses
- (3) Interest expense on new debt issuance for one year of \$25.0 million plus one year amortization of bond discount and debt issuance costs

EXHIBIT C

CINCINNATI BELL TELEPHONE COMPANY LLC
PRO-FORMA STATEMENT OF ACCUMULATED DEFICIT - PART 32 BASIS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2009
(Unaudited, \$ In Millions)

	<u>Actual</u>	<u>Adjustment</u>	<u>Pro-Forma</u>
Accumulated Deficit - June 30, 2008	\$ (90.8)	-	\$ (90.8)
Add:			
Net Income	133.5	(22.5) (1)	111.0
Subtract:			
Dividends Declared - Common Stock	<u>(165.2)</u>	<u>-</u>	<u>(165.2)</u>
Accumulated Deficit - June 30, 2009	<u>\$ (122.5)</u>	<u>\$ (22.5)</u>	<u>\$ (145.0)</u>

Notes:

Pro-forma adjustments are presented assuming debt proceeds are received and spent for network construction as of July 1, 2008

(1) See Pro-forma Income Statement

EXHIBIT D

CINCINNATI BELL TELEPHONE COMPANY LLC
PRO-FORMA STATEMENT OF CASH FLOWS - PART 32 BASIS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2009
(Unaudited, \$ In Millions)

	<u>Actual</u>	<u>Adjustment</u>	<u>Pro-Forma</u>
CASH FLOWS FROM OPERATIONS	\$ 258.0	\$ (25.0) (1)	\$ 233.0
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital Expenditures	(98.6)	(239.5) (2)	(338.1)
Other Investing Activities	0.5	-	0.5
Cash Used in Investing Activities	<u>(98.1)</u>	<u>(239.5)</u>	<u>(337.6)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Funding between Parent and Subsidiary, Net	(159.5)	25.0 (3)	(134.5)
Payment of Capital Lease Obligations	(0.6)	-	(0.6)
Issuance of Debt	-	245.0 (4)	245.0
Debt Issuance Costs	-	(5.5) (5)	(5.5)
Cash Used in Financing Activities	<u>(160.1)</u>	<u>264.5</u>	<u>104.4</u>
Net Decrease in Cash and Cash Equivalents	(0.2)	-	(0.2)
Cash and Cash Equivalents, July 1, 2008	<u>1.0</u>	<u>-</u>	<u>1.0</u>
Cash and Cash Equivalents, June 30, 2009	<u>\$ 0.8</u>	<u>\$ -</u>	<u>\$ 0.8</u>

Notes:

Pro-forma adjustments are presented assuming debt proceeds are received and spent for network construction as of July 1, 2008

- (1) Additional interest on new debt issuance
- (2) Use of debt proceeds for network construction
- (3) Payable of \$25.0 million for additional interest on new debt
- (4) Debt issuance of \$250 million less discount of \$5 million
- (5) Debt issuance costs of \$5.5 million

EXHIBIT E

Estimate of Expenses from the Sale of Securities
As of June 30, 2009

Debt Issue	100.0%		\$ 250,000,000
Less:			
Assumed Possible Pricing Discount	2.0%	\$ 5,000,000	
Assumed Underwriting Commission	2.0%	\$ 5,000,000	
Legal and Other	0.2%	\$ 500,000	
	4.2%		\$ 10,500,000
Net Proceeds of Issuance	95.8%		\$ 239,500,000

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/13/2009 10:06:35 AM

in

Case No(s). 09-0934-TP-AIS

Summary: Application Application of Cincinnati Bell Telephone to issue and sell debt securities, Part 1 of 2. electronically filed by Kathleen M Campbell on behalf of CINCINNATI BELL TELEPHONE COMPANY LLC