FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Cincinnati Bell Telephone Company LLC To modify the Pole and Anchor Attachment and Conduit Occupancy Accommodations PUCO No. 1 Tariff to Change the Pole and and Attachment Charge and Clarify Language.	)))))))	Case No. 05-1339-TP-ATA

REPLY OF TIME WARNER ENTERTAINMENT COMPANY, L.P., dba TIME WARNER CABLE

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I. Introduction

Cincinnati Bell Telephone Company ("CBT") filed to modify its Pole and Anchor Attachment and Conduit Occupancy Accommodations PUCO No. 1 Tariff on November 2, 2005. CBT seeks to increase and change the pole attachment charges and to change certain tariff language. The 61st day after the November 2, 2005 filing by CBT would be January 2, 2006.

On November 23, 2005, Time Warner Entertainment Company L.P. dba Time Warner Cable ("TWC") filed a Motion to Intervene, Motion to Dismiss, Request for Suspension, Request for Hearing, and Objections. The same day, CCB Ohio, LLC dba Current Communications filed a Motion to Intervene. A week later, on November 30, 2005, the Attorney Examiner issued an Entry in Case No. 05-1339-TP-ATA and treated the CBT filing of November 2, 2005 as an Application. The Attorney Examiner found that additional information and investigation was necessary to complete a review of the Application. In accordance with Rule 4901:1-6-04, Ohio Administrative Code, the

Attorney Examiner suspended approval of the Application until 60 days after the date of the November 30 Entry or until the Commission specifically orders otherwise.

Cincinnati Bell filed a response to TWC's motions on December 12, 2005. Service of that pleading was accomplished by U.S. Mail. CBT's Response confirms that the issues in this case have not been resolved and that if the Commission does not dismiss this matter, a hearing must be held.

II. Reply to Memorandum in Opposition to Motion to Dismiss 1/

If anything, CBT's Response has provided additional reasons why the Commission must dismiss this case.

At page 4, CBT opines that the "EARP rules are unambiguously clear that pole attachments are not Tier One services." CBT goes on to cite not from the EARP rules, but from the Retail Service Rules when discussing the sub-categories of Tier One services. The problem is that the EARP rules are *not* unambiguously clear. Rule 4901:1-4-02(A)(2) of the Ohio Administrative Code describes in part the contents of an appropriate elective alternative regulation plan filing. Subsection (A)(2) states that the application must propose to

> cap basic local exchange service rates at existing levels as an alternative to rate base/rate-of-return regulation, pursuant to section 4927.04 of the Revised Code, and to price *all* other telecommunications services pursuant to the provisions of Rule 4901:1-4-05(C) of the Administrative Code and section 4927.03 of the Revised Code. [Emphasis added.]

This rule means that all other telecommunications services, including pole attachment rates, must be priced according to Rule 4901:1-4-05(C) and Section 4927.03 of the Revised Code. Neither this rule nor the statute contemplates the "non-tier service"

1/ No reply is necessary regarding TWC's motion to intervene, which is unopposed.

category where CBT would place pole attachment services. Thus, CBT's placement of pole attachment services in a non-tier service category is not consistent with the EARP rules.

CBT provides another basis for granting TWC's Motion to Dismiss. In footnote 2 on page 4, CBT states: "The EARP rules only expressly apply to retail services, Ohio Admin. Code §4901:1-4-01, not to wholesale or carrier-to-carrier services such as pole attachments." If CBT is correct that the EARP rules only expressly apply to retail services and that pole attachments are either a wholesale or carrier-to-carrier service and not a retail service, then CBT's elective alternative regulation plan adopted in Case No. 04-720-TP-ALT could not have affected pole attachment rates. In its elective alternative regulation case, CBT moved pole attachment services to a "non-tier service" category. If CBT's elective alternative regulation plan could not affect pole attachment rates, then pole attachment rates must still be considered as a Cell One service.

The fact is that pole attachment rates were once properly categorized as a Cell One service. Today, pole attachment rates and services should be classified as a Tier One core service. TWC is limited to licensing space on the poles of CBT and CG&E in southwestern Ohio. Like other attachers, TWC has no other choice. The General Assembly has properly determined, therefore, that pole attachment rates require regulatory oversight. See Section 4905.71, Revised Code. Pole attachment and conduit occupancy is essential to providing cable television service.

It is unclear from its pleading whether CBT believes that pole attachments are governed by "non-specific service charges," by "rules and regulations established in other proceedings," or by a combination. Non-specific service charges are defined as

avoidable and under the control of the customer. CBT never explains why rules for non-specific charges should govern pole attachment rates, or what "rules and regulations established in other proceedings" govern pole attachment rates.

It is no mystery that TWC's position has been that neither "non-specific service charge rules" nor "rules and regulations established in other proceedings" should govern pole attachment rates. Rather, TWC submits that Section 4905.71 of the Revised Code (a statute) and the Commission's consistent policy of using the FCC formula to pole attachment rates in all rate increase and alternative regulation cases (case law) should apply to this case.

Even if the Commission were to find that pole attachment services issues were properly categorized as a "non-tier service," the case should still be dismissed. CBT claims it offered a cost study to the Commission Staff. That cost study was not made part of the public record in this case nor was it served upon the interveners in this case. The Commission must base its decision on the record before it. *Ideal Transp. Co. v. Public Utilities Commission* (1975), 42 Ohio St.2d 195, 71 Ohio Op. 2d 183. 326 N.E.2d 861. The November 3, 2005 filing of CBT constitutes the record and there is simply nothing in the record to show that the CBT proposals appear to be just and reasonable.

CBT has ignored and distorted the Commission's rules because pole attachment rates should be classified as a Tier One core or a Tier One non-core service. There is a real question as to whether CBT could lawfully move pole attachment services into the "non-tier service" category. Notwithstanding these issues, CBT has not provided any evidence in the record to support its proposal. The application should be dismissed.

III. Reply to Memorandum in Opposition to Request for Suspension

In its Response at page 6, CBT acknowledges that the Attorney Examiner issued an Entry on November 30, 2005, suspending the Application for sixty days or until the Commission orders otherwise. CBT asserts that the Entry did not specify whether it was a full or partial suspension.

Under Rule 4901:1-6-04 of the Ohio Administrative Code, there are two types of suspensions: full and partial. Under subsection (C), a partial suspension is when the service in question is permitted to take effect under the proposed terms and conditions subject to continued review by the Commission. The telephone company is put on notice that the Commission, subsequent to its further review, may modify such terms and conditions. The November 30, 2005, Entry does not remotely resemble a partial suspension.

On the other hand, subsection (B) of the rule describes a full suspension as when the Attorney Examiner suspends the automatic time clock and precludes an application from taking effect until such time as the Commission takes further action. Finding 2 of the Attorney Examiner's November 30, 2005, Entry indicated that approval of the application was suspended until 60 days after the date of the Entry or until the Commission specifically orders otherwise.

In either event, CBT has waived its right to challenge what type of suspension was issued because it failed to timely file an interlocutory appeal from the Attorney Examiner's November 30, 2005, Entry.

IV. Reply to Memorandum in Opposition to Request for Hearing

In its December 12, 2005, Response, CBT gives two reasons why it believes the Commission should deny TWC's request for a hearing. First, CBT states

that it has provided the Staff with a cost study based on the FCC formula that justifies the proposed rate increase. TWC never received that cost study, nor was it ever made a part of the record in this case. CBT's action is contrary to the practice in previous cases where the company was required to provide its rationale and justification for increasing pole attachment rates. Rather than a "cost study," the Commission traditionally has relied on a telephone company's ARMIS data to calculate pole attachment rates. CBT has not justified departure from this practice. In any event, a hearing would be necessary to test the results of CBT's cost study and to compare it with the ARMIS data that is typically used in applying the FCC formula.

The second reason given by CBT is that the statute does not require a hearing. See Section 4905.71(B), Revised Code. CBT is correct that the statute does not require a hearing. But in those non-stipulated cases where pole attachment rates were established or increased, there has always been a hearing. In this instance, where CBT has provided no rationale in the public record to support the increased pole attachment rates, a hearing is essential.

V. Reply to Response to Objections

A. Despite CBT's Assertions, Its Proposed Cable Pole Attachment Rate Was Not Properly Calculated In Accordance With The FCC Formula.

CBT purports to agree that "the FCC pole attachment rate formula is the proper basis for setting rates" and contends that it "followed the FCC pole attachment formula in setting its proposed rates." *See* CBT December 12, 2005 Response at 7. Notwithstanding CBT's repeated assertions that it adhered to the formula in determining its $9.00 "cable only" rate and "provided the Commission Staff with a cost study

explicitly showing cost justification for rates *higher* than those proposed," *id.*, CBT's rate under the formula is in fact *much lower* than $9.00.

According to TWC's calculations using CBT's own *publicly-filed* ARMIS data, CBT's maximum allowable rate under the FCC "cable rate" formula is $2.64. *See* Spreadsheet—Calculation of Maximum Pole Attachment Rate, Cincinnati Bell, Year End 2004, FCC Formula Rate Calculation Formula, attached hereto as Exhibit 1; *see also* Cincinnati Bell Telephone of Ohio, Year End 2004, FCC Report 43-01, Table III, Pole And Conduit Rental Calculation Information, attached hereto as Exhibit 2.

Using publicly-available data – like ARMIS Reports – is an essential component of the FCC formula. Non-public, internal "cost studies" like the one relied on by CBT in this case are not permitted by the FCC. The formula was specifically designed to avoid the problems attendant to the use of such studies. Application of the FCC formula to publicly-filed cost data helps avoid "prolonged and expensive" disputes. *Alabama Cable Telecommunications Ass'n v. Alabama Power*, 155 FCC Rcd 17,346, at ¶ 5 (2000). As the FCC has noted, "Congress did not believe that special accounting measures or studies," such as the one CBT trumpets here, "would be necessary [in determining pole attachment rates] because most cost and expense items attributable to utility pole . . . plant were already established and reported to various regulatory bodies." *Id.* at ¶ 5.

This Commission adopted the FCC pole-attachment formula in 1982 mindful of these same important considerations. The Commission correctly understood that determining pole attachment rates using the FCC formula would "establish an approach which can be uniformly applied in all cases, thereby simplifying the process of

determining the charges without sacrificing the reasonableness of the result." *In re Cincinnati Bell for Authority to Adjust its Rates & Charges & to Change its Tariffs*, Case No. 81-1338-TP-AIR, Opinion & Order, Mar. 9, 1992, pp. 42-43.

TWC urges the Commission to reject CBT's internal cost study in this case and use instead CBT's publicly filed ARMIS Report 43-01, Table III, Pole And Conduit Rental Calculation Information, to calculate CBT's rate. The ARMIS Report 43-01, Table III form was created by the FCC in 2002 to ensure ILECs, like CBT, "file sufficient pole attachment data in a consistent manner."2/ In creating the new reporting form for pole and conduit rate information, the FCC explained that its action was consistent with its long-held view that "[r]eliance on publicly available data allow[s] pole owners and attaching parties to resolve rate issues without Commission involvement, which is a cost-savings benefit to utilities, cable operators, other attaching parties and the Commission."3/ Accordingly, there is absolutely no need for CBT's internal "cost study."

Allowing CBT to base its pole rate on its non-public, undisclosed cost study, and deviate from the FCC formula, is not only inconsistent with Commission

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2/ *Revision to Armis Annual Summary Report (FCC Report 43-01), ARMIS USOA Report (FCC Report 43-02), ARMIS Joint Case Report (FCC Report 43-03), ARMIS Access Report (FCC Report 43-04), ARMIS Service Quality Report (FCC Report 43-05), ARMIS Customer Satisfaction Report (FCC 43-06), ARMIS Investment Usage Report (FCC Report 43-07) ARMIS Operating Data Report (FCC-08), ARMIS Forecast of Investment Usage Report (FCC Report 495A), & ARMIS Actual Usage of Investment Report (FCC Report 495B) for Certain Class A and Tier 1 Telephone Companies, AAD 95-91*, CC Docket No. 86-182 (Dec. 19, 2002), at 3.

3/ *2000 Biennial Regulatory Review—Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2*, Report & Order & Further Notice of Proposed Rulemaking in CC Docket No. 00-1999, et al. (Nov. 5, 2001).

precedent, but undermines the Commission's key objective in adopting a "simpl[e] process of determining" pole attachment rates. If the Commission nevertheless allows CBT to rely on a "cost-study" that includes information different from that provided on its 2004 ARMIS Report, it must also allow for discovery and a hearing.

B. CBT's Plant Is Fully Depreciated And Its Costs Recovered.

CBT argues that its 2006 rate cannot be less than $3 because its current rate is $4.50. CBT's assumption that pole rates necessarily rise over time demonstrates a fundamental misunderstanding of the FCC formula. Indeed, based on CBT's Pole And Conduit Information Report, CBT's plant, including its pole plant, is nearly fully depreciated and its costs largely recovered. If CBT had properly calculated its rate under the formula, as TWC has done, it would have discovered that its rate has dropped – not *risen* – since 1998.

Although CBT's "net investment per bar pole" is still greater than zero, TWC has provided an alternate calculation pursuant to the methodology that the FCC uses "when the net pole investment is zero or negative." See Exhibit 1, FCC Formula All Gross column. Under this approach, the FCC uses all gross embedded investment figures (except for the rate of return element), rather than all net figures. *Amendment of Rules and Policies Governing Pole Attachments; Implementation of Section 703(e) of The Telecommunications Act of 1996*, 16 FCC Rcd 12103, at ¶¶ 26-42 (setting forth the all gross figure methodology to employ when the net pole investment is zero or negative). Even when CBT's rate is calculated under this alternative methodology, however, the resulting rate would not come close to CBT's proposal. The all-gross calculation approach produces a pole attachment rate of $5.16 – a rate that is nearly double the rate

that *should* apply to TWC's attachments under a standard application of the FCC formula, but far less than $9.00. See Exhibit 1, FCC Formula All Gross column.

Because CBT's pole attachment investment is close to zero, and may soon be negative, TWC would agree that the Commission could deviate from the FCC formula in this particular case. Using "gross" calculations, CBT will realize an increase in pole rates "without sacrificing the reasonableness of the result."

C. The Commission Has Never Authorized Use Of The Telecom Rate Formula In Ohio.

CBT does not directly confront TWC's arguments that the Commission (or any other certified state Commission) has not – and, for sound public policy reasons, should not – adopt the FCC "telecom rate" formula. Instead, CBT seems to imply that because the Commission approved CBT's 1998 Stipulation with the Ohio Cable Telecommunications Association, which included a dual-rate scheme, that Stipulation has somehow become Commission "policy." CBT Response at 12-13 & n. 5. TWC has no qualms with the Stipulation, which, in any event, expires at the end of the year. That said, the Stipulation is wholly irrelevant for present purposes. Outside the context of the 1998 Stipulation, CBT points to nothing suggesting that the Commission has affirmatively embraced a separate pole attachment rate for cable system attachments used to provide telecommunications services. CBT's only discernible argument is that because the Commission decided to adopt the FCC "cable" formula in 1982, the Commission should mechanically also adopt the "telecom" formula.4/

4/ As TWC noted in its original Objections, TWC does not believe that CBT's $18 "All Others" rate was calculated in accordance with the telecom formula. *See* Objections, n. 18.

TWC acknowledges that "[i]t is beyond dispute" that Congress in 1996 directed the FCC to implement a bifurcated rate scheme. But while CBT encourages the Commission to reflexively adopt a separate rate for telecommunications attachments because Congress directed the FCC to do so,5/ the reasons that prompted the Commission to adopt the FCC Cable Rate in 1982 – simplicity, uniformity and reasonableness – counsel against its adoption of the FCC Telecom rate in 2006. As TWC explained in its earlier filing, the FCC telecom rate has none of the virtues of the FCC's cable rate to recommend it. Unlike the cable rate, the telecom rate is difficult to implement, in part, because the process for "counting" both the average number of attaching entities and the number of pole attachments used for telecommunications services (in the case of cable systems) is unsettled and, accordingly, has led to numerous disputes.

Moreover, as TWC also explained, the utility of the telecom rate formula for producing reasonable pole attachment rates has been seriously undermined by the failure of competitive facilities-based telecommunications service to flourish as Congress predicted. Because the Telecom formula is keyed to the number of attaching entities, in the absence of vigorous facilities-based competition in the telecommunications sector the formula has merely worked to impose surcharges on telecommunications service providers, including new entrants. As the New York Public Service Commission accurately noted when it rejected adoption of the telecom formula in 2002 despite having previously embraced the FCC cable formula:

> We adopted the FCC's approach and methodology for determining pole attachment rates in 1997 in order to simplify regulation of pole

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5/ *See* CBT Response at 12 ("[H]aving adopted the FCC rate formula for cable attachments, [the Commission] should also follow the FCC formula with respect to telecommunications attachments.").

> attachments, thereby encouraging telecommunications competition and stimulating economic development . . . . . At that time, up to six pole attachments per utility pole, were anticipated, which would have resulted in low, affordable rates . . . . However, facilities-based competition has not developed in New York to the extent contemplated in 1997.6/

Every other certified state commission to address this issue has similarly rejected the implementation of a dual-rate scheme, opting instead to rely on the cable formula for all attachers. *See* TWC Objections at 19-20 & nn. 8-12. For the foregoing reasons, this Commission should follow the pro-competitive example of its fellow certified states and require CBT to use the FCC cable formula when setting rates for all attachers. 7/

D. Voice Over Internet Protocol Service Is Not A Telecommunications Service Subject To The FCC Telecom Rate In Any Event.

Even if the Commission were to allow a separate rate for "telecommunications" attachments, CBT is not free to assess the telecommunications rate on TWC's Voice over Internet Protocol ("VoIP") attachments, as CBT suggests. Cable VoIP attachments are not subject to the telecommunications rate under any precedent, either from the FCC or this Commission. The FCC is in fact currently considering the appropriate regulatory classification applicable to all IP-Enabled services, including cable VoIP services. *See In the Matter of IP-Enabled Services*, Notice of Proposed Rulemaking, 19 FCC Rcd 4863, 4893, ¶43 (2004) ("We invite commenters to address the

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6/ *Proceeding on Motion of the Commission as to New York State Elec. & Gas Co.'s Proposed Tariff Filing to Revise the Annual Rental Charges for Cable Television Pole Attachments & to Establish a Pole Attachment Rental Rate for Competitive Local Exchange Carriers*, Case 01-E-0026, et al., Order Directing Utilities To Cancel Tariffs, pp. 3-4 (NYPSC Jan. 15, 2002).

7/ If the Commission were to determine to apply a different "telecommunications attachment" rate in this proceeding, it would raise more factual issues for resolution at a hearing. One of the key drivers of that formula, in addition to cost information, is the number of attaching entities per pole. CBT has not submitted any such information, at leaset publicly, in connection with its filings.

proper legal classification and appropriate regulatory treatment of each specific class of IP-Enabled services . . . .").8/ Likewise, this Commission is also considering the appropriate regulatory treatment of Voice over Internet Protocol services in Case No. 03-950-TP-COI. Even CBT seems to recognize that the FCC has not classified cable VoIP services for regulatory purposes. Nevertheless, CBT argues that because the FCC has yet to determine that VoIP service is *not* a telecommunications service, it may assess the telecom rate on attachments to provide VoIP service. *See* CBT Response at 13. CBT is not correct.

Therefore, in the event the Commission does allow a separate rate for telecommunications attachments, unless and until the FCC determines that cable VoIP constitutes a "telecommunications service," TWC's pole attachments over which VoIP services are transmitted are properly subject to the FCC cable rate.

E. The FCC Formula Does Not Permit Rental Rates For Auxiliary Equipment

CBT seeks the right to charge an arbitrary $18 attachment rate for each piece of "equipment, such as power supplies, equipment cases, cabinets or other similar equipment attached to a pole." CBT Response at 14. First, while CBT criticizes TWC's reliance on long-standing FCC precedent rejecting rental rate charges for equipment in unusable space,9/ CBT offers no authority in support of these charges. CBT merely notes that they are already included on its current tariff. Second, contrary to CBT's assertions,

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8/ *See Charter Communications Inc. v. Union Elec. Co.*, File No. EB-__, at 7, ¶15 (filed in Market Disputes Resolution Division, Nov. 30, 2005) (challenging the utility's attempt to assess the telecommunications rate on attachments used to provide cable VoIP).

9/ *See* TWC Objections at p. 14 n.3 & 21 (citing *Texas Cablevision Co. v. Southwestern Elec. Power Co.*, 1985 FCC LEXIS 3818 (1985)).

the incidence of this type of equipment is infrequent and does not impede climbing space. To the best of TWC's knowledge CBT, like other owners of aerial plant, routinely uses bucket trucks. Third, any further costs resulting from "strain" on the pole due to the presence of equipment such as power supplies is accounted for in the maintenance carrying charge of the pole attachment formula. Indeed, it would be impossible to determine the direct cost caused by the presence of TWC's equipment, as compared to any other attacher's equipment. Therefore, the only proper way to recover those "costs" is through the annual rental assessment, rather than a non-cost based attachment fee.

F. While CBT Concedes That A Rental Rate Is Inappropriate For Anchors, Rental Rate Assessments Are Also Prohibited For Risers

Despite the title of Section 3.1.2(A) of CBT's tariff – Rates, Pole and Anchor Attachment – CBT believes "[t]here is nothing in any of CBT's proposed tariff changes that affects the treatment of anchor attachments" and does not understand "why [TWC] is bringing up an issue which is not implicated whatsoever by this case." CBT Response at 10. TWC brought up the issue because CBT's tariff was unclear in this regard. TWC is encouraged that CBT has no intention of charging rent for anchor attachments. *Id.*

CBT also asserts that TWC has pointed to no specific language that would lead TWC to believe that CBT would charge for risers. Nevertheless, CBT indicates that it *will* charge for risers in usable space that "preclude the attachment of other wires and cables." *Id.* Charging for space occupied by cable risers is not appropriate in any case because cable risers *alone* do not preclude any attacher's pole attachment. Indeed, TWC typically installs its risers on joint use poles where other attachers (including CBT) have

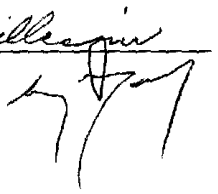
risers, especially where all parties must go from overhead to underground, to serve customers. Moreover, TWC's risers originate in its allocated foot of space, for which it already pays rent, pass through CBT's attachment space and then into unusable space. Therefore, it is very unlikely that there would ever be an occasion where another attacher was unable to place a bolt due to the presence of TWC's riser.

Moreover, "in adopting a standard one foot of space deemed occupied by CATV, the [FCC] not only included that space occupied by the cable itself, but also the space associated with any equipment normally required by the presence of the cable television attachment." *Texas Cablevision Co. v. Southwestern Elec. Power Co.*, 1985 FCC LEXIS 3818, ¶ 6 (1985). The Commission should protect attachers from CBT's arbitrary decisions to assess a per foot charge for riser attachments in all cases, consistent with FCC precedent and standard industry practice.

VI. Conclusion

Whether it is styled as a Self-Complaint or an Application, there are many unresolved issues in this matter. TWC disagrees with CBT's categorization of pole attachment services and submits that if properly categorized, the case should be dismissed as violating Commission rules. The Commission properly suspended automatic approval in this case so that further investigation can be done. If the Commission determines not to dismiss this case, a hearing is essential especially because CBT did not provide any kind of cost analysis as part of the public record in this case.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Reply were served upon D. Scott Ringo, Jr., Assistant Secretary and Director of Regulatory Affairs, Cincinnati Bell Telephone Company, 201 E. Fourth Street, P.O. Box 2301, Cincinnati, Ohio 45201-2301, via first-class U.S. mail, upon Douglas E. Hart, Frost Brown Todd LLC, 2200 PNC Center, 201 E. Fifth Street, Cincinnati, Ohio 45202 (dhart@fbtlaw.com) and Michael D. Dortch, Baker & Hostetler LLP, Capitol Square, Suite 2100, 65 East State Street, Columbus, Ohio 43215-4260 (mdortch@ bakerlaw.com) via first-class U.S. mail, postage prepaid, and e-mail, and upon Evelyn King, Regulatory Contact Person (evelyn.king@cinbell.com) via electronic mail, this 19th day of December, 2005.

Stephen M. Howard

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EXHIBIT 1

	A	B	C	D
1	**CALCULATION OF MAXIMUM POLE ATTACHMENT RATE**			
2	**Cincinnati Bell**			
3	**Year End 2004**			
4				
5	**Maximum Allowable Rate=$2.64**	**FCC Formula Rate Calculation**	**FCC Formula "All" Gross**	
6				
7	**NET INVESTMENT PER BARE POLE**			
8				
9	Gross Investment in Pole Plant	$38,895,000.00	$38,895,000.00	
10	-Depreciation Reserve for Poles	$37,890,000.00	$0.00	
11	-Accumulated Deferred Taxes	$994,000.00	$0.00	
12	=Net Investment in Pole Plant	$11,000.00	$38,895,000.00	
13	-Net Investment in Appurtenances (5%)	$550.00	$1,944,750.00	
14	=Net Investment in Bare Pole Plant	$10,450.00	$36,950,250.00	
15	/Number of Poles	100,116.00	100,116.00	
16	=Net Investment per Bare Pole	$0.10	$369.07	
17				
18	**CARRYING CHARGES**			
19				
20	**Maintenance**			
21	Chargeable Maintenance Expenses	$288,000.00	$288,000.00	
22	/Net Investment in Pole Plant	$11,000.00	$38,895,000.00	
23	=Maintenance Carrying Charge	2618.18%	0.74%	
24				
25	**Depreciation**			
26	Annual Depreciation Rate for Poles	8.90%	8.90%	
27	Gross Investment in Pole Plant	$38,895,000.00	$38,895,000.00	
28	/Net Investment in Pole Plant	$11,000.00	$38,895,000.00	
29	=Gross/Net Adjustment	353590.91%	100.00%	
30	Deprec Rate Applied to Net Pole Plant	31469.59%	8.90%	
31				
32				
33				
34				

Exhibit 1

	A	B	C	D
35	CARRYING CHARGES CONTINUED			
36				
37	**Administrative**			
38	Administrative Expenses	$71,408,000.00	$71,408,000.00	
39	Total Plant In Service	$1,716,884,000.00	$1,716,884,000.00	
40	-Depreciation Reserve for TPIS	$1,265,331,000.00	$0.00	
41	-Accumulated Deferred Taxes	-$8,149,000.00	$0.00	
42	=Net Plant in Service	$459,702,000.00	$1,716,884,000.00	
43	Administrative Carrying Charge	15.53%	4.16%	
44				
45	**Taxes**			
46	Normalized Tax Expense	$87,044,000.00	$87,044,000.00	
47	Total Plant In Service	$1,716,884,000.00	$1,716,884,000.00	
48	-Depreciation Reserve for TPIS	$1,265,331,000.00	$0.00	
49	-Accumulated Deferred Taxes	-$8,149,000.00	$0.00	
50	=Net Plant in Service	$459,702,000.00	$1,716,884,000.00	
51	Tax Carrying Charge	18.93%	5.07%	
52				
53	**Return**			
54	FCC Default Rate	11.25%	0.0000318%	
55				
56	TOTAL CARRYING CHARGES	34133.49%	18.87%	
57				
58	ALLOCATION OF ANNUAL CARRYING COSTS			
59	Space Occupied by Cable	1.0	1.0	
60	/Total Useable Space	13.50	13.50	
61	Charge Factor	7.41%	7.41%	
62				
63	MAXIMUM RATE			
64	Net Investment Per Bare Pole	$0.10	$369.07	
65	*Carrying Charges	34133.49%	18.87%	
66	*Charge Factor	7.41%	7.41%	
67				
68	**MAXIMUM RATE**	**$2.64**	**$5.16**	
69				

	A	B	C	D
70	[redacted]			ARMIS OR OTHER
71	Gross Investment in Pole Plant	$38,895,000.00	$38,895,000.00	43-01:Tbl III Row 101(b)
72	Gross Investment in Total Plant	$1,716,884,000.00	$1,716,884,000.00	43-01:Tbl III Row 100(b)
73	Depreciation Reserve for Pole Plant	$37,890,000.00	$37,890,000.00	43-01:Tbl III Row 201(b)
74	Depreciation Reserve for TPIS	$1,265,331,000.00	$1,265,331,000.00	43-01:Tbl III Row 200(b)
75	Pole Maintenance Expense 6411	$528,000.00	$528,000.00	43-01:Tbl III Row 501(b)
76	Pole Rents	$240,000.00	$240,000.00	43-01:Tbl III Row 501.2(b)
77	Chargeable Pole Maintenance	288,000.00	288,000.00	43-01:Tbl III Row 501.1(b) (sum)
78	Depreciation Rate for Poles	8.90%	8.90%	43-01:Tbl III Row 301(b)
81	Total General and Administrative	$71,408,000.00	$71,408,000.00	43:01:Tbl III Row 503(b)
82	Taxes	$87,044,000.00	$87,044,000.00	43-01:Tbl III Row 504(b)
83	Accumulated Deferred Taxes	-8,149,000.00	-8,149,000.00	43-01:Tbl III Row 403(b) + (406)(b)
84	Accumulated Deferred Taxes (Poles)	994,000.00	994,000.00	43-01:Tbl III Row 401(b) + (404)(b)
85	Overall Rate of Return	11.25%	11.25%	FCC Default Rate
86	Number of Poles	100,116	100,116	43-01:Tbl III Row 601(b)

EXHIBIT 2

Data Run Date: 12/19/2005

FCC Report 43-01, the ARMIS Annual Summary Report

FCC Report 43-01
ARMIS ANNUAL SUMMARY REPORT

COMPANY: CINCINNATI BELL TELEPHONE
STUDY AREA: OHIO
PERIOD: From: Jan 2004 To: Dec 2004
COSA: CBOH

Approved by OMB
3060-0512
Edition Date: 12/2004
Unrestricted Version

SUBMISSION 01
TABLE III

TABLE III - POLE AND CONDUIT RENTAL CALCULATION INFORMATION

ROW	ROW TITLE (a)	Amount (b)
Financial Information ($000)		
100	Telecommunications Plant-in-Service	1,716,884
101	Gross Investment - Poles	38,895
102	Gross Investment - Conduit	78,469
200	Accumulated Depreciation - Total Plant-in-Service	1,265,331
201	Accumulated Depreciation - Poles	37,890
202	Accumulated Depreciation - Conduit	35,716
301	Depreciation Rate - Poles	8.90
302	Depreciation Rate - Conduit	2.50
401	Net Current Deferred Operating Income Taxes - Poles	0
402	Net Current Deferred Operating Income Taxes - Conduit	0
403	Net Current Deferred Operating Income Taxes - Total	0
404	Net Non-current Deferred Operating Income Taxes - Poles	994
405	Net Non-current Deferred Operating Income Taxes - Conduit	-9,142
406	Net Non-current Deferred Operating Income Taxes - Total	-8,149
501.1	Pole Maintenance Expense	288
501.2	Pole Rental Expense	240
501	Pole Expense	528
502.1	Conduit Maintenance Expense	327
502.2	Conduit Rental Expense	0
502	Conduit Expense	327
503	General & Administrative Expense	71,408
504	Operating Taxes	87,044

Exhibit 2

Operational Data (Actual)	
601 Equivalent Number of Poles	100,116
602 Conduit System Trench Kilometers	2,761
603 Conduit System Duct Kilometers	8,844
700 Additional Rental Calculation Information	0

There are no footnotes available for this table.