

CENTURYTEL OPERATING COMPANIES

TARIFF F.C.C. No. 1

ANNUAL INTERSTATE FILING

June 16, 2008

TRANSMITTAL NO. 62

DESCRIPTION AND JUSTIFICATION

Description of Filing

The CenturyTel Operating Companies (CTOCs) hereby provide their respective Description and Justification for the changes proposed under Transmittal No. 62 to the CTOC Tariff F.C.C. No. 1. The accompanying tariff material has been filed by the CTOCs in compliance with the Rules and Regulations of the Federal Communications Commission (Commission) with respect to annual access charge filings as indicated in the March 28, 2008 release entitled In the Matter of the July 1, 2008 Annual Access Tariff Filings, DA 08-758. Each of the CTOCs proposed rates covers the period from July 1, 2008 to June 30, 2009 and reflects the cost and demand characteristics of the issuing carriers of the CTOC tariff.

The tariff material issued by the CTOCs under Transmittal No. 62 is filed with the Commission on June 16, 2008 and is being made on fifteen days notice pursuant to Section 204(a)(e) of the Communications Act of 1934 as amended. Pursuant to Section 69.3 (e) of the Commission's Rules, CenturyTel of Ohio, Inc. files its rates, which are located in Section 17 of the CTOC F.C.C. Tariff No. 1, in order to reflect company-specific rates for providing Switched, Special, and Miscellaneous Access Services. Also pursuant to Section 69.3(e) of the Commission's Rules, the CTOC Tariff also establishes rates for Switched, Special, and Miscellaneous Access Services based on the combined Part 36 and 69 studies of CenturyTel of Central Wisconsin, LLC, Telephone USA of Wisconsin, LLC, Spectra Communications Group, LLC and CenturyTel of Wisconsin, LLC. These companies are filing in Section 18 of the CTOC Tariff F.C.C. No. 1 on a combined basis. In addition, pursuant to Section 69.3(e) of the Commission's Rules, the CTOC Tariff also establishes rates for Switched, Special, and Miscellaneous Access Services based on the combined Part 36 and 69 studies of CenturyTel Midwest-Michigan, Inc. and CenturyTel of Michigan, Inc, which is located in Section 19 of the CTOC Tariff F.C.C. No. 1.

This annual 2008 Access Tariff filing implements rate level changes in the access services offered by the issuing carriers of this CTOC Tariff in accordance with the requirements of Part 69, Section 69.3(a) of the Commission's Rules. The proposed rates of the issuing carriers of this CTOC Tariff are targeted to earn the authorized rate of return of 11.25 percent for the test period. All supporting data and documentation are provided in accordance with the requirements of Section 61.38 of the Commission's Rules.

The proposed Access Service rates will result in a projected total company average rate decrease

for Section 17 of 8.88%, Section 18 of 4.37% and Section 19 of 25.33% for this tariff filing.

1. CTOC 1, Section 17

Justification

The following justification is provided for the proposed rates filed by CenturyTel of Ohio, Inc. (CTO).

A. Cost Development

In accordance with Section 61.38(b)(1)(i) of the Commission's Rules, CTO prepared a cost of service study for the historic 12-month period ending December 31, 2007. The historical study has been used for the purpose of projecting CTO's test year revenue requirement for this tariff filing. The FCC MAG/Access Charge Reform Order has been implemented in the historical and projected studies.

Likewise, and in accordance with Section 61.38(b)(1)(ii) of the Commission's Rules, CTO projected its costs for the fiscal year ending June 30, 2007. The historical cost relationship for CTO was used as the basis to allocate, pursuant to the Part 36 and Part 69 rules, budgeted costs for the July 1, 2008 through June 30, 2009 test period. The projected rate base and expense figures were based on budgeted information using the Part 32 Uniform System of Accounts. All non-regulated amounts were identified and excluded in accordance with Part 64 cost allocation procedures. CTO's budget was based upon anticipated demand for services and upon assumptions of the expenses to provide those services. Budgeted expense figures reflect projected wage and salary increases for the test period. In addition, CTO continues to work on the efficiencies of in-house services and operational changes to improve services and reduce costs.

B. Demand Projections

Historical demand for the calendar year 2007 and projected demand for the test period are displayed in CTO's TRP. Available historical data with adjustments for known and measurable changes were used to develop forecasts of the demand for Switched, Special, and Miscellaneous Access Services. Historical trends, economic conditions of the service area, and new developments were considered to identify any unusual occurrences or events, which might skew the data or undermine the validity. We have seen a slowdown in the housing market in these markets since the last tariff filing. Economic conditions seem to be worsening due to the inflationary impact of higher oil prices. Furthermore, economic conditions in these markets have worsened due to issues confronting the automotive industry and their suppliers who have a substantial presence in these markets.

Access minutes derived from the results of this analysis were then used to develop projections for

Switched Access Services where appropriate. While CTO has experienced some fluctuation within Special Access services, the economic conditions within the service area remain relatively unchanged since the last annual filing. CTO has experienced a decrease in voice grade and digital services and an increase in the high capacity services. Based on CTO's introduction of term discounts, our projections reflect migration to those term plans. These trends have been included in the projections.

C. Rate Development

Rates for each access rate element were calculated in the manner set forth in Exhibits 1 through 3 for Switched Access and Special Access. All projected revenue requirements reflect the appropriate return level of 11.25 percent as well as all applicable state and federal taxes.

D. Revenue Effect

In accordance with Section 61.38(b)(1)(iii) of the Commission's Rules, this filing will have the following projected effect on the revenues.

The proposed Switched Access Service rates will result in a projected average rate decrease of 22.19%. The proposed Special Access Service rates will result in a projected average rate decrease of 5.50%. These changes represent a total company decrease of 8.88% for this tariff filing.

2. CTOC 1, Section 18

Justification

The following justification is provided for the proposed rates filed by CenturyTel of Wisconsin, LLC, Telephone USA of Wisconsin, LLC, CenturyTel of Central Wisconsin, LLC, and Spectra Communications Group, LLC (collectively referred to as CTW).

A. Cost Development

In accordance with Section 61.38(b)(1)(i) of the Commission's Rules, CTW prepared a cost of service studies for the historic 12-month period ending December 31, 2007. The historical studies have been used for the purpose of projecting CTW's test year revenue requirement for this tariff filing. The FCC MAG/Access Charge Reform Order has been implemented in the historical and projected studies.

Likewise, and in accordance with Section 61.38(b)(1)(ii) of the Commission's Rules, CTW projected costs for the fiscal year ending June 30, 2007. The historical cost relationships for CTW were

used as the basis to allocate, pursuant to the Part 36 and Part 69 rules, budgeted costs for the July 1, 2008 through June 30, 2009 test period. The projected rate base and expense figures were based on budgeted information using the Part 32 Uniform System of Accounts. All non-regulated amounts were identified and excluded in accordance with Part 64 cost allocation procedures. CTWs' budgets were based upon anticipated demand for services and upon assumptions of the expenses to provide those services. Budgeted expense figures reflect projected wage and salary increases for the test period. In addition, CTW continues to work on the efficiencies of in-house services and operational changes to improve services and reduce costs.

B. Demand Projections

Historical demand for the calendar year 2007 and projected demand for the test period are displayed in CTW's TRP. Available historical data with adjustments for known and measurable changes were used to develop forecasts of the demand for Switched, Special, and Miscellaneous Access Services. Historical trends, economic conditions of the service area, and new developments were considered to identify any unusual occurrences or events, which might skew the data or undermine the validity. We have seen a slowdown in the housing market in these markets since the last tariff filing. Furthermore, economic conditions seem to be worsening due to the inflationary impact of higher oil prices. Economic conditions in these markets have worsened due to issues confronting the automotive industry and their suppliers who have a substantial presence in these markets.

Access minutes derived from the results of this analysis were then used to develop projections for Switched Access Services where appropriate. While CTW has experienced some fluctuation within Special Access services, the economic conditions within the service area remain relatively unchanged since the last annual filing. CTW has experienced a decrease in voice grade and digital services and an increase in the high capacity services. Our projections reflect migration to those term plans..

C. Rate Development

Rates for each access rate element were calculated in the manner set forth in Exhibits 1 through 3 for Switched Access and Special Access. All projected revenue requirements reflect the appropriate return level of 11.25 percent as well as all applicable state and federal taxes.

D. Revenue Effect

In accordance with Section 61.38(b)(1)(iii) of the Commission's Rules, this filing will have the following projected effect on the revenues.

The proposed Switched Access Service rates will result in a projected average rate decrease of 13.75%. The proposed Special Access Service rates will result in a projected average rate increase of

1.85%. These changes represent a total company decrease of 4.37% for this tariff filing.

3. CTOC 1, Section 19

Justification

The following justification is provided for the proposed rates filed by CenturyTel Midwest-Michigan, Inc., and CenturyTel of Michigan, Inc. (collectively referred to as CTM).

A. Cost Development

In accordance with Section 61.38(b)(1)(i) of the Commission's Rules, CTM prepared cost of service studies for the historic 12-month period ending December 31, 2007. The historical studies have been used for the purpose of projecting CTM's test year revenue requirement for this tariff filing. The FCC MAG/Access Charge Reform Order has been implemented in the historical and projected studies.

Likewise, and in accordance with Section 61.38(b)(1)(ii) of the Commission's Rules, CTM projected their costs for the fiscal year ending June 30, 2007. The historical cost relationships for CTM were used as the basis to allocate, pursuant to the Part 36 and Part 69 rules, budgeted costs for the July 1, 2008 through June 30, 2009 test period. The projected rate base and expense figures were based on budgeted information using the Part 32 Uniform System of Accounts. All non-regulated amounts were identified and excluded in accordance with Part 64 cost allocation procedures. CTMs' budgets were based upon anticipated demand for services and upon assumptions of the expenses to provide those services. Budgeted expense figures reflect projected wage and salary increases for the test period. In addition, CTM continues to work on the efficiencies of in-house services and operational changes to improve services and reduce costs.

B. Demand Projections

Historical demand for the calendar year 2007 and projected demand for the test period are displayed in CTM's TRP. Available historical data with adjustments for known and measurable changes were used to develop forecasts of the demand for Switched, Special, and Miscellaneous Access Services. Historical trends, economic conditions of the service area, and new developments were considered to identify any unusual occurrences or events, which might skew the data or undermine the validity. We have seen a slowdown in the housing market in these markets since the last tariff filing. Furthermore, economic conditions seem to be worsening due to the inflationary impact of higher oil prices. Economic conditions in these markets have worsened due to issues confronting the automotive industry and their suppliers who have a substantial presence in these markets.

Access minutes derived from the results of this analysis were then used to develop projections for Switched Access Services where appropriate. While CTM has experienced some fluctuation within Special Access services, the economic conditions within the service area remain relatively unchanged since the last annual filing. CTM has experienced a decrease in voice grade and digital services and an increase in the high capacity services. Based on CTM's introduction of term discounts, our projections reflect migration to those term plans. These trends have been included in the projections.

C. Rate Development

Rates for each access rate element were calculated in the manner set forth in Exhibits 1 through 3 for Switched Access and Special Access. All projected revenue requirements reflect the appropriate return level of 11.25 percent as well as all applicable state and federal taxes.

D. Revenue Effect

In accordance with Section 61.38(b)(1)(iii) of the Commission's Rules, this filing will have the following projected effect on the revenues.

The proposed Switched Access Service rates will result in a projected average rate decrease of 13.82%. The proposed Special Access Service rates will result in a projected average rate decrease of 47.07%. These changes represent a total company decrease of 25.33% for this tariff filing.