

**CenturyLink Operating Companies**

**Transmittal No. 13**

**First Quarter 2012 Universal Service Support Filing**

***Description and Justification***

The CenturyLink Operating Companies (CLOCs) hereby submit the following information in support of the accompanying revisions to CenturyLink Operating Companies Tariff F.C.C. Nos. 1, 2, 3, 6, 7, 8 and 9.

This filing adjusts CenturyLink's federal universal service fund (USF) contribution factor for 1st quarter 2012 to 17.9% consistent with the requirements of the Commission's USF Order.<sup>1</sup>

For all companies, excluding those in CLOC Tariff F.C.C. No. 9, a surcharge equal to the first quarter 2012 USF contribution factor of 0.179 is applied to end users being billed local exchange service (i.e., primary residential, non-primary residential, ISDN-BRI, single-line business, multi-line business, ISDN-PRI, and Centrex), switched dedicated, special access, or other interstate access services (i.e., Presubscription Change Charges). The percentage surcharge is reflected as a separate line item, clearly identified on the customer's bill. The detailed calculations for Tariff F.C.C. No. 9 are defined below.

**Calculations for CenturyLink Operating Companies Tariff F.C.C. No. 9**

CenturyLink adjusts their federal universal service fund (USF) end user charges to reflect its full contribution obligation, which is based on interstate end user revenues used by the Universal Service

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<sup>1</sup> *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Public Notice (DA 11-2020) released December 14, 2011.

Administration Company (USAC) to calculate CenturyLink's first quarter 2012 assessment.

Consistent with the requirements of the Commission's *USF Interim Methodology Orders*,<sup>2</sup> CenturyLink recovers its federal universal service contributions through per line monthly charges assessed to end users subscribing to local exchange service (i.e., primary residential, non-primary residential, ISDN-BRI, single-line business, multi-line business, ISDN-PRI, and Centrex). Contributions for end users being billed switched dedicated, special access, or other interstate access services (i.e., Presubscription Change Charges) are recovered by applying a surcharge equal to the first quarter 2012 USF contribution factor of 0.179 to the total of the end user customer's interstate access charges. Both the per line charge and percentage surcharge are reflected as a separate line item, clearly identified on the customer's bill.

As detailed on Exhibit 1, Page 1, the Federal USF end user charges for primary residential, non-primary residential, ISDN-BRI and single-line business are calculated by applying the first quarter 2012 contribution factor of 0.179 to the sum of the charges representing the interstate portion of the customer's bill (i.e., the customer's end user common line or subscriber line charges).

Page 2 of Exhibit 1 details the calculation of the Federal USF end user charges for Centrex, ISDN-PRI and multi-line business customers. The *USF Interim Methodology Orders* allow the Federal USF end user charges for Centrex customers to be recovered using an "equivalency ratio." Initially, the Federal USF charges for Centrex, ISDN-PRI and multi-line business customers are calculated by applying the 0.179 first quarter 2012 contribution to the sum of the charges representing the interstate portion of the customer's bill in the same manner as outlined above. For multi-line business and ISDN-

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<sup>2</sup> *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order and Second Further Notice of Proposed Rulemaking (FCC 02-329), released December 13, 2002; Order and Second Order on Reconsideration (FCC 03-58), released March 14, 2003; and Public Notice (DA 03-1909) (Collectively *USF Interim Methodology Orders*).

PRI, the Federal USF charges are calculated by first determining the difference, on a per line basis, between assessing Centrex lines based on the equivalency ratio and applying the remaining USF recovery across multi-line business and ISDN-PRI lines on an averaged basis. Once the difference is determined, a portion (\$0.50) is allocated back to Centrex, and the remainder is added to the initial multi-line business Federal USF charge to produce the Federal USF end user charge for multi-line business customers. The Federal USF end user charge for ISDN-PRI customers is calculated by multiplying the multi-line business charge by 5. The Federal USF end user charge for Payphone Service Providers is calculated by apply the 0.179 first quarter 2012 contribution factor to the multi-line business subscriber line charge.

The CenturyLink Operating Companies are submitting the accompanying information consistent with the requirements of the Commission's price cap regulations for local exchange carriers and in compliance with universal service decisions. The rate adjustments proposed herein are demonstrated to be just and reasonable, and are supported by detailed exhibits, where applicable, reflecting the calculation of the proposed USF end user charges using the first quarter 2012 contribution factor of 0.179 stipulated in the Commission's December 14, 2011 Public Notice.

**CenturyLink FCC #9 - 12/16/11 Federal USF End User Surcharge Rates**  
 ( 1st Qtr 2012 USF Contribution Factor 17.9% - DA 11-2020 )  
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	Subscriber Line Charge - SLC Rates						Proposed 1st Qtr 2012 USF Contribution Factor (F)	Federal End User USF Surcharge									
	Residential Primary TL #5 7/1/2011 (A)	Residential Non-Primary TL #5 7/1/2011 (B)	ISDN BRI TL #5 7/1/2011 (C)	Single Line Business TL #5 7/1/2011 (D)	Multi-Line Business & ISDN-PRI & Centrex TL #5 7/1/2011 (E)	Residential Primary TL #13 1/1/2012 (G)=A*F		Residential Non-Primary TL #13 1/1/2012 (H)=B*F	ISDN BRI TL #13 1/1/2012 (I)=C*F	Single Line Business TL #13 1/1/2012 (J)=D*F	Payphone TL #13 1/1/2012 (K)=E*F	Multi-Line Business * & ISDN-PRI TL #13 1/1/2012 (L)=Col H Page 2	Centrex * TL #13 1/1/2012 (L)=Col I Page 2				
	Florida	\$ 6.15	\$ 6.15	\$ 6.15	\$ 6.15	\$ 6.65		17.9%	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.19	\$ 1.38	\$ 0.50	FL	FL
	Indiana#	\$ 6.10	\$ 6.10	\$ 6.10	\$ 6.10	\$ 8.24		17.9%	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.47	\$ 1.58	\$ 0.50	IN	IN
Kansas	\$ 6.37	\$ 6.37	\$ 6.37	\$ 6.37	\$ 9.20	17.9%	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.65	\$ 1.67	\$ 0.50	KS	KS		
Minnesota	\$ 6.15	\$ 6.15	\$ 6.15	\$ 6.15	\$ 8.22	17.9%	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.47	\$ 1.56	\$ 0.50	MN	MN		
Missouri#	\$ 6.26	\$ 6.26	\$ 6.26	\$ 6.26	\$ 8.56	17.9%	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.53	\$ 1.91	\$ 0.50	MO	MO		
Nebraska	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 3.53	17.9%	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.63	\$ 0.66	\$ 0.50	NE	NE		
Nevada	\$ 3.58	\$ 3.58	\$ 3.58	\$ 3.58	\$ 3.66	17.9%	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.66	\$ 0.70	\$ 0.50	NV	NV		
New Jersey	\$ 5.22	\$ 5.22	\$ 5.22	\$ 5.22	\$ 7.58	17.9%	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 1.36	\$ 1.42	\$ 0.50	NJ	NJ		
North Carolina	\$ 5.40	\$ 5.40	\$ 5.40	\$ 5.40	\$ 5.40	17.9%	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 1.07	\$ 0.50	NC	NC		
Ohio	\$ 5.30	\$ 5.30	\$ 5.30	\$ 5.30	\$ 5.95	17.9%	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 1.07	\$ 1.15	\$ 0.50	OH	OH		
Oregon	\$ 5.81	\$ 5.81	\$ 5.81	\$ 5.81	\$ 9.20	17.9%	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.65	\$ 1.73	\$ 0.50	OR	OR		
Pennsylvania	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 6.91	17.9%	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 1.24	\$ 1.28	\$ 0.50	PA	PA		
South Carolina	\$ 5.09	\$ 5.09	\$ 5.09	\$ 5.09	\$ 5.15	17.9%	\$ 0.91	\$ 0.91	\$ 0.91	\$ 0.91	\$ 0.92	\$ 0.97	\$ 0.50	SC	SC		
Tennessee	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.75	17.9%	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.85	\$ 0.98	\$ 0.50	TN	TN		
Texas	\$ 5.90	\$ 5.90	\$ 5.90	\$ 5.90	\$ 9.20	17.9%	\$ 1.06	\$ 1.06	\$ 1.06	\$ 1.06	\$ 1.65	\$ 1.69	\$ 0.50	TX	TX		
Virginia	\$ 3.88	\$ 3.88	\$ 3.88	\$ 3.88	\$ 3.96	17.9%	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.71	\$ 0.73	\$ 0.50	VA	VA		
Washington	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 8.85	17.9%	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.58	\$ 2.44	\$ 0.50	WA	WA		
Wyoming	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	17.9%	\$ 1.16	\$ 1.25	\$ 1.25	\$ 1.16	\$ 1.65	\$ 1.72	\$ 0.50	WY	WY		

\* - Rates are developed on Exhibit 1 Page 2 of 2.

**CenturyLink FCC #9 - MultiLine Business, ISDN-PRI and Centrex  
Federal USF End User Surcharge Rate Development  
( 1st Qtr 2012 USF Contribution Factor 17.9% - DA 11-2020 )  
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MultiLine Business (A)	November 2011 Access Lines			Total Multi-Line Bus & ISDN PRI & Centrex Lines (E)=A-B+C+D	Multi-Line Bus, ISDN-PRI & Centrex SLC Rate TL #5 7/1/2011 (F)	Proposed 1st Qtr 2012 USF Contribution Factor (G)	Initial USF Charge Calculation (H)=F*G	Proposed 1/1/2012 * MultiLine Business & ISDN-PRI USF Charge I=if((E*H-D*0.50)/(A-B+C)<\$0.50,H,(E*H-D*0.50)/(A-B+C))	Proposed 1/1/2012 * Centrex USF Charge J=Min(\$0.50,H)	Allowable MultiLine Bus & Centrex & ISDN-PRI Revenue K=E*H	PriceOut MultiLine Bus & Centrex & ISDN-PRI Revenue L=(A-B+C)*I+D*J	
	Payphone (B)	ISDN PRI (5 Times) (C)	Centrex (D)									
Florida	215,845	840	16,619	64,878	296,502	\$ 6.65	17.9%	\$ 1.19	\$ 1.38	\$ 0.50	\$ 352,941	\$ 352,941
Indiana#	25,247	109	1,831	3,014	29,983	\$ 8.24	17.9%	\$ 1.47	\$ 1.58	\$ 0.50	\$ 44,224	\$ 44,224
Kansas	13,293	10	431	279	13,993	\$ 9.20	17.9%	\$ 1.65	\$ 1.67	\$ 0.50	\$ 23,044	\$ 23,044
Minnesota	19,937	20	1,896	2,024	23,837	\$ 8.22	17.9%	\$ 1.47	\$ 1.56	\$ 0.50	\$ 35,073	\$ 35,073
Missouri#	30,546	55	1,971	12,012	44,474	\$ 8.56	17.9%	\$ 1.53	\$ 1.91	\$ 0.50	\$ 68,145	\$ 68,145
Nebraska	2,426	7	140	536	3,095	\$ 3.53	17.9%	\$ 0.63	\$ 0.66	\$ 0.50	\$ 1,956	\$ 1,956
Nevada	93,064	781	10,525	29,554	132,362	\$ 3.66	17.9%	\$ 0.66	\$ 0.70	\$ 0.50	\$ 86,716	\$ 86,716
New Jersey	30,211	139	1,005	2,128	33,205	\$ 7.58	17.9%	\$ 1.36	\$ 1.42	\$ 0.50	\$ 45,053	\$ 45,053
North Carolina	149,313	692	10,523	34,704	193,848	\$ 5.40	17.9%	\$ 0.97	\$ 1.07	\$ 0.50	\$ 187,373	\$ 187,373
Ohio	46,670	186	4,756	8,130	59,370	\$ 5.95	17.9%	\$ 1.07	\$ 1.15	\$ 0.50	\$ 63,232	\$ 63,232
Oregon	9,310	42	515	724	10,507	\$ 9.20	17.9%	\$ 1.65	\$ 1.73	\$ 0.50	\$ 17,303	\$ 17,303
Pennsylvania	39,580	125	2,920	2,219	44,594	\$ 6.91	17.9%	\$ 1.24	\$ 1.28	\$ 0.50	\$ 55,158	\$ 55,158
South Carolina	10,771	28	956	1,311	13,010	\$ 5.15	17.9%	\$ 0.92	\$ 0.97	\$ 0.50	\$ 11,993	\$ 11,993
Tennessee	20,008	128	2,725	8,667	31,272	\$ 4.75	17.9%	\$ 0.85	\$ 0.98	\$ 0.50	\$ 26,589	\$ 26,589
Texas	50,576	86	2,903	2,068	55,461	\$ 9.20	17.9%	\$ 1.65	\$ 1.69	\$ 0.50	\$ 91,333	\$ 91,333
Virginia	48,440	157	3,526	4,939	56,748	\$ 3.96	17.9%	\$ 0.71	\$ 0.73	\$ 0.50	\$ 40,225	\$ 40,225
Washington	9,849	35	715	8,299	18,828	\$ 8.85	17.9%	\$ 1.58	\$ 2.44	\$ 0.50	\$ 29,826	\$ 29,826
Wyoming	1,175	2	40	82	1,295	\$ 9.20	17.9%	\$ 1.65	\$ 1.72	\$ 0.50	\$ 2,133	\$ 2,133
	816,261	3,442	63,997	185,568	1,062,384					\$	\$ 1,182,317	\$ 1,182,317