

CenturyLink Operating Companies

Transmittal No. 31

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, as required by Sections 61.38 and 61.41 through 61.49 of the Federal Communications Commission's Rules and Regulations.

This filing adjusts CenturyLink's federal universal service fund (USF) contribution factor for 1st quarter 2013 to 16.1% consistent with the requirements of the Commission's USF Order¹.

1.0 Universal Service Fund Contribution Factor - First Quarter 2013

For all companies, excluding those in CLOC Tariff F.C.C. No. 9, a surcharge equal to the first quarter 2013 USF contribution factor of 0.161 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 Administration Company (USAC) to calculate CenturyLink's first quarter 2013 assessment.

Consistent with the requirements of the Commission's *USF Interim Methodology Orders*,² 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 2013 USF contribution factor of 0.161 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 2013 contribution factor of 0.161 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 0.161 first quarter 2013 contribution factor 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-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

¹ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Public Notice (DA 12-2014) released December 12, 2012.

² *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*).

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 applying the 0.161 first quarter 2013 contribution factor to the multi-line business subscriber line charge.

2.0 Conclusion

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.

CenturyLink FCC #9 - 12/17/12 Federal USF End User Surcharge Rates
(1st Qtr 2013 USF Contribution Factor 16.1% - DA 12-2014)
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Exhibit 1
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	Subscriber Line Charge - SLC Rates								Federal End User USF Surcharge							
	Residential Primary	Residential Non-Primary	ISDN BRI	Single Line Business	Multi-Line Business & ISDN-PRI & Centrex	Proposed 1st Qtr 2013	Residential Primary	Residential Non-Primary	ISDN BRI	Single Line Business	Payphone	Multi-Line Business *	Centrex *			
	TL #21	TL #21	TL #21	TL #21	TL #21	USF Contribution	TL #31	TL #31	TL #31	TL #31	TL #31	& ISDN-PRI	TL #31			
	<u>7/3/2012</u>	<u>7/3/2012</u>	<u>7/3/2012</u>	<u>7/3/2012</u>	<u>7/3/2012</u>	<u>Factor</u>	<u>1/1/2013</u>	<u>1/1/2013</u>	<u>1/1/2013</u>	<u>1/1/2013</u>	<u>1/1/2013</u>	<u>1/1/2013</u>	<u>1/1/2013</u>			
	(A)	(B)	(C)	(D)	(E)	(F)	(G)=A*F	(H)=B*F	(I)=C*F	(J)=D*F	(K)=E*F	(L)=Col H Page 2	(L)=Col I Page 2			
Florida	\$ 6.15	\$ 6.15	\$ 6.15	\$ 6.15	\$ 6.71	16.1%	\$ 0.99	\$ 0.99	\$ 0.99	\$ 0.99	\$ 1.08	\$ 1.24	\$ 0.50			
Indiana#	\$ 6.10	\$ 6.10	\$ 6.10	\$ 6.10	\$ 8.61	16.1%	\$ 0.98	\$ 0.98	\$ 0.98	\$ 0.98	\$ 1.39	\$ 1.48	\$ 0.50			
Kansas	\$ 6.50	\$ 6.86	\$ 6.86	\$ 6.50	\$ 9.20	16.1%	\$ 1.05	\$ 1.10	\$ 1.10	\$ 1.05	\$ 1.48	\$ 1.50	\$ 0.50			
Minnesota	\$ 6.15	\$ 6.15	\$ 6.15	\$ 6.15	\$ 8.33	16.1%	\$ 0.99	\$ 0.99	\$ 0.99	\$ 0.99	\$ 1.34	\$ 1.41	\$ 0.50			
Missouri#	\$ 6.39	\$ 6.39	\$ 6.39	\$ 6.39	\$ 8.87	16.1%	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.43	\$ 1.75	\$ 0.50			
Nebraska	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 3.31	16.1%	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.53	\$ 0.54	\$ 0.50			
Nevada	\$ 3.59	\$ 3.59	\$ 3.59	\$ 3.59	\$ 3.74	16.1%	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.60	\$ 0.63	\$ 0.50			
New Jersey	\$ 5.22	\$ 5.22	\$ 5.22	\$ 5.22	\$ 7.59	16.1%	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 1.22	\$ 1.27	\$ 0.50			
North Carolina	\$ 5.40	\$ 5.40	\$ 5.40	\$ 5.40	\$ 5.54	16.1%	\$ 0.87	\$ 0.87	\$ 0.87	\$ 0.87	\$ 0.89	\$ 0.97	\$ 0.50			
Ohio	\$ 5.30	\$ 5.30	\$ 5.30	\$ 5.30	\$ 6.09	16.1%	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.98	\$ 1.05	\$ 0.50			
Oregon	\$ 5.91	\$ 5.91	\$ 5.91	\$ 5.91	\$ 9.20	16.1%	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 1.48	\$ 1.55	\$ 0.50			
Pennsylvania	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 7.31	16.1%	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 1.18	\$ 1.22	\$ 0.50			
South Carolina	\$ 5.18	\$ 5.18	\$ 5.18	\$ 5.18	\$ 5.29	16.1%	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.85	\$ 0.89	\$ 0.50			
Tennessee	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.82	16.1%	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.78	\$ 0.88	\$ 0.50			
Texas	\$ 5.90	\$ 5.90	\$ 5.90	\$ 5.90	\$ 9.20	16.1%	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 1.48	\$ 1.52	\$ 0.50			
Virginia	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 4.10	16.1%	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.66	\$ 0.67	\$ 0.50			
Washington	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 9.14	16.1%	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 1.47	\$ 2.27	\$ 0.50			
Wyoming	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	16.1%	\$ 1.05	\$ 1.13	\$ 1.13	\$ 1.05	\$ 1.48	\$ 1.54	\$ 0.50			

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

CenturyLink FCC #9 - 12/17/12 Federal USF End User Surcharge Rates
(1st Qtr 2013 USF Contribution Factor 16.1% - DA 12-2014)
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Exhibit 1
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	November 2012 Access Lines				Total Multi-Line Bus & ISDN PRI & Centrex Lines (E)=A-B+C+D	Multi-Line Bus, ISDN-PRI & Centrex SLC Rate TL #21 7/3/2012 (F)		Proposed 1st Qtr 2013 USF Contribution Factor (G)	Initial USF Charge Calculation (H)=F*G	Proposed 1/1/2013 * 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 1/1/2013 * 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	
	MultiLine Business (A)	Payphone (B)	ISDN PRI (5 Times) (C)	Centrex (D)											
Florida	200,972	716	16,123	58,825	275,204	\$	6.71	16.1%	\$ 1.08	\$ 1.24	\$ 0.50	\$	297,306	\$	297,306
Indiana#	24,223	94	1,855	2,643	28,627	\$	8.61	16.1%	\$ 1.39	\$ 1.48	\$ 0.50	\$	39,683	\$	39,683
Kansas	12,621	8	471	230	13,314	\$	9.20	16.1%	\$ 1.48	\$ 1.50	\$ 0.50	\$	19,721	\$	19,721
Minnesota	18,830	17	1,859	1,776	22,448	\$	8.33	16.1%	\$ 1.34	\$ 1.41	\$ 0.50	\$	30,106	\$	30,106
Missouri#	28,860	49	2,166	10,598	41,575	\$	8.87	16.1%	\$ 1.43	\$ 1.75	\$ 0.50	\$	59,372	\$	59,372
Nebraska	2,249	5	140	473	2,857	\$	3.31	16.1%	\$ 0.53	\$ 0.54	\$ 0.50	\$	1,523	\$	1,523
Nevada	91,167	695	10,110	26,898	127,480	\$	3.74	16.1%	\$ 0.60	\$ 0.63	\$ 0.50	\$	76,761	\$	76,761
New Jersey	29,009	108	1,045	2,105	32,051	\$	7.59	16.1%	\$ 1.22	\$ 1.27	\$ 0.50	\$	39,166	\$	39,166
North Carolina	146,595	549	10,577	32,949	189,572	\$	5.54	16.1%	\$ 0.89	\$ 0.97	\$ 0.50	\$	169,087	\$	169,087
Ohio	46,568	153	4,771	7,265	58,451	\$	6.09	16.1%	\$ 0.98	\$ 1.05	\$ 0.50	\$	57,311	\$	57,311
Oregon	8,721	38	530	642	9,855	\$	9.20	16.1%	\$ 1.48	\$ 1.55	\$ 0.50	\$	14,597	\$	14,597
Pennsylvania	37,231	115	2,950	2,476	42,542	\$	7.31	16.1%	\$ 1.18	\$ 1.22	\$ 0.50	\$	50,068	\$	50,068
South Carolina	10,086	17	826	1,202	12,097	\$	5.29	16.1%	\$ 0.85	\$ 0.89	\$ 0.50	\$	10,303	\$	10,303
Tennessee	19,425	92	2,796	8,022	30,151	\$	4.82	16.1%	\$ 0.78	\$ 0.88	\$ 0.50	\$	23,398	\$	23,398
Texas	48,472	64	2,980	1,902	53,290	\$	9.20	16.1%	\$ 1.48	\$ 1.52	\$ 0.50	\$	78,933	\$	78,933
Virginia	47,360	149	3,537	4,468	55,216	\$	4.10	16.1%	\$ 0.66	\$ 0.67	\$ 0.50	\$	36,448	\$	36,448
Washington	9,412	28	700	8,251	18,335	\$	9.14	16.1%	\$ 1.47	\$ 2.27	\$ 0.50	\$	26,981	\$	26,981
Wyoming	1,196	2	40	79	1,313	\$	9.20	16.1%	\$ 1.48	\$ 1.54	\$ 0.50	\$	1,945	\$	1,945
	782,997	2,899	63,476	170,804	1,014,378							\$	1,032,707	\$	1,032,707