

CenturyLink Operating Companies

Transmittal No. 36

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 2nd quarter 2013 to 15.5% consistent with the requirements of the Commission's USF Order¹.

1.0 Universal Service Fund Contribution Factor - Second Quarter 2013

For all companies, excluding those in CLOC Tariff F.C.C. No. 9, a surcharge equal to the second quarter 2013 USF contribution factor of 0.155 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 second quarter 2013 assessment.

¹ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Public Notice (DA 13-422) released March 12, 2013.

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 second quarter 2013 USF contribution factor of 0.155 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 second quarter 2013 contribution factor of 0.155 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 0.155 second 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

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 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 applying the 0.155 second 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 - 3/25/13 Federal USF End User Surcharge Rates
(2nd Qtr 2013 USF Contribution Factor 15.5% - DA 13-422)
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Exhibit 1
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	Subscriber Line Charge - SLC Rates							Proposed 2nd Qtr 2013 USF Contribution Factor (F)	Federal End User USF Surcharge							
	Residential Primary	Residential Non-Primary	ISDN BRI	Single Line Business	Multi-Line Business & ISDN-PRI & Centrex	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	TL #36	TL #36		TL #36	TL #36	TL #36	& ISDN-PRI	TL #36			
	<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>4/1/2013</u>	<u>4/1/2013</u>		<u>4/1/2013</u>	<u>4/1/2013</u>	<u>4/1/2013</u>	<u>4/1/2013</u>	<u>4/1/2013</u>			
	(A)	(B)	(C)	(D)	(E)	(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	15.5%	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 1.04	\$ 1.19	\$ 0.50			
Indiana#	\$ 6.10	\$ 6.10	\$ 6.10	\$ 6.10	\$ 8.61	15.5%	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 1.33	\$ 1.42	\$ 0.50			
Kansas	\$ 6.50	\$ 6.86	\$ 6.86	\$ 6.50	\$ 9.20	15.5%	\$ 1.01	\$ 1.06	\$ 1.06	\$ 1.01	\$ 1.43	\$ 1.44	\$ 0.50			
Minnesota	\$ 6.15	\$ 6.15	\$ 6.15	\$ 6.15	\$ 8.33	15.5%	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 1.29	\$ 1.36	\$ 0.50			
Missouri#	\$ 6.39	\$ 6.39	\$ 6.39	\$ 6.39	\$ 8.87	15.5%	\$ 0.99	\$ 0.99	\$ 0.99	\$ 0.99	\$ 1.37	\$ 1.67	\$ 0.50			
Nebraska	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 3.31	15.5%	\$ 0.45	\$ 0.45	\$ 0.45	\$ 0.45	\$ 0.51	\$ 0.52	\$ 0.50			
Nevada	\$ 3.59	\$ 3.59	\$ 3.59	\$ 3.59	\$ 3.74	15.5%	\$ 0.56	\$ 0.56	\$ 0.56	\$ 0.56	\$ 0.58	\$ 0.60	\$ 0.50			
New Jersey	\$ 5.22	\$ 5.22	\$ 5.22	\$ 5.22	\$ 7.59	15.5%	\$ 0.81	\$ 0.81	\$ 0.81	\$ 0.81	\$ 1.18	\$ 1.22	\$ 0.50			
North Carolina	\$ 5.40	\$ 5.40	\$ 5.40	\$ 5.40	\$ 5.54	15.5%	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.86	\$ 0.93	\$ 0.50			
Ohio	\$ 5.30	\$ 5.30	\$ 5.30	\$ 5.30	\$ 6.09	15.5%	\$ 0.82	\$ 0.82	\$ 0.82	\$ 0.82	\$ 0.94	\$ 1.00	\$ 0.50			
Oregon	\$ 5.91	\$ 5.91	\$ 5.91	\$ 5.91	\$ 9.20	15.5%	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 1.43	\$ 1.49	\$ 0.50			
Pennsylvania	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 7.31	15.5%	\$ 0.67	\$ 0.67	\$ 0.67	\$ 0.67	\$ 1.13	\$ 1.18	\$ 0.50			
South Carolina	\$ 5.18	\$ 5.18	\$ 5.18	\$ 5.18	\$ 5.29	15.5%	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.82	\$ 0.86	\$ 0.50			
Tennessee	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.82	15.5%	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.75	\$ 0.84	\$ 0.50			
Texas	\$ 5.90	\$ 5.90	\$ 5.90	\$ 5.90	\$ 9.20	15.5%	\$ 0.91	\$ 0.91	\$ 0.91	\$ 0.91	\$ 1.43	\$ 1.46	\$ 0.50			
Virginia	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 4.10	15.5%	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.64	\$ 0.65	\$ 0.50			
Washington	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 9.14	15.5%	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 1.42	\$ 2.17	\$ 0.50			
Wyoming	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	15.5%	\$ 1.01	\$ 1.09	\$ 1.09	\$ 1.01	\$ 1.43	\$ 1.49	\$ 0.50			

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

CenturyLink FCC #9 - 3/25/2013 Federal USF End User Surcharge Rates
(2nd Qtr 2013 USF Contribution Factor 15.5% - DA 13-422)
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Exhibit 1
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	February 2013 Access Lines				Multi-Line Bus, ISDN-PRI & Centrex SLC Rate		Proposed 2nd Qtr 2013 USF Contribution		Initial USF Charge Calculation		Proposed 4/1/2013 * MultiLine Business & ISDN-PRI USF Charge		Proposed 4/1/2013 * Centrex USF Charge		Allowable MultiLine Bus & Centrex & ISDN-PRI Revenue		PriceOut MultiLine Bus & Centrex & ISDN-PRI Revenue	
	MultiLine Business	Payphone	ISDN PRI (5 Times)	Centrex	Total Multi-Line Bus & ISDN PRI & Centrex Lines	TL #21 7/3/2012												
	(A)	(B)	(C)	(D)	(E)=A-B+C+D	(F)		(G)	(H)=F*G		I=if(((E*H-D*0.50)/(A-B+C)< \$0.50,H,(E*H-D*.50)/(A-B+C))	J=Min(\$0.50,H)		K=E*H		L=(A-B+C)*I+D*J		
Florida	196,201	647	16,073	57,322	268,949	\$	6.71	15.5%	\$	1.04	\$	1.19	\$	0.50	\$	279,720	\$	279,720
Indiana#	23,759	90	1,850	2,517	28,036	\$	8.61	15.5%	\$	1.33	\$	1.42	\$	0.50	\$	37,415	\$	37,415
Kansas	12,422	8	476	226	13,116	\$	9.20	15.5%	\$	1.43	\$	1.44	\$	0.50	\$	18,703	\$	18,703
Minnesota	18,378	17	1,854	1,695	21,910	\$	8.33	15.5%	\$	1.29	\$	1.36	\$	0.50	\$	28,289	\$	28,289
Missouri#	28,311	43	2,166	10,168	40,602	\$	8.87	15.5%	\$	1.37	\$	1.67	\$	0.50	\$	55,822	\$	55,822
Nebraska	2,226	5	130	467	2,818	\$	3.31	15.5%	\$	0.51	\$	0.52	\$	0.50	\$	1,446	\$	1,446
Nevada	88,277	633	9,609	26,443	123,696	\$	3.74	15.5%	\$	0.58	\$	0.60	\$	0.50	\$	71,707	\$	71,707
New Jersey	28,463	103	1,020	2,067	31,447	\$	7.59	15.5%	\$	1.18	\$	1.22	\$	0.50	\$	36,996	\$	36,996
North Carolina	142,918	515	10,594	31,829	184,826	\$	5.54	15.5%	\$	0.86	\$	0.93	\$	0.50	\$	158,710	\$	158,710
Ohio	46,312	137	4,761	6,983	57,919	\$	6.09	15.5%	\$	0.94	\$	1.00	\$	0.50	\$	54,673	\$	54,673
Oregon	8,557	35	530	633	9,685	\$	9.20	15.5%	\$	1.43	\$	1.49	\$	0.50	\$	13,811	\$	13,811
Pennsylvania	36,252	106	2,935	2,797	41,878	\$	7.31	15.5%	\$	1.13	\$	1.18	\$	0.50	\$	47,450	\$	47,450
South Carolina	9,899	16	836	1,216	11,935	\$	5.29	15.5%	\$	0.82	\$	0.86	\$	0.50	\$	9,786	\$	9,786
Tennessee	18,994	92	2,771	7,877	29,550	\$	4.82	15.5%	\$	0.75	\$	0.84	\$	0.50	\$	22,077	\$	22,077
Texas	47,743	64	2,970	1,858	52,507	\$	9.20	15.5%	\$	1.43	\$	1.46	\$	0.50	\$	74,875	\$	74,875
Virginia	45,602	148	3,492	4,382	53,328	\$	4.10	15.5%	\$	0.64	\$	0.65	\$	0.50	\$	33,890	\$	33,890
Washington	9,283	24	690	8,218	18,167	\$	9.14	15.5%	\$	1.42	\$	2.17	\$	0.50	\$	25,737	\$	25,737
Wyoming	1,193	2	40	79	1,310	\$	9.20	15.5%	\$	1.43	\$	1.49	\$	0.50	\$	1,868	\$	1,868
	764,790	2,685	62,797	166,777	991,679										\$	972,975	\$	972,975