

CenturyLink Operating Companies

Transmittal No. 53

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, 9 and 11 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 2014 to 16.6% consistent with the requirements of the Commission's USF Order¹.

1.0 Universal Service Fund Contribution Factor - Second Quarter 2014

For all companies, excluding those in CLOC Tariff F.C.C. No. 9 and 11, a surcharge equal to the second quarter 2014 USF contribution factor of 0.166 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 and 11 are defined below.

¹ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Public Notice (DA 14-337) released March 12, 2014.

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 2014 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 second quarter 2014 USF contribution factor of 0.166 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 2014 contribution factor of 0.166 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 0.166 second quarter 2014 contribution factor to the sum of the charges representing the

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*).

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 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 0.166 second quarter 2014 contribution factor to the multi-line business subscriber line charge.

Calculations for CenturyLink Operating Companies Tariff F.C.C. No. 11

Consistent with the requirements of the Commission's *USF Interim Methodology Orders*,³ 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 2014 USF contribution factor of 0.166 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.

³ *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*).

As detailed on Exhibit 2, “CenturyLink QC Federal Universal Service Fund Charge Factor Development,” the Multiline Business charge factor for each study area is calculated by dividing the Multiline Business lines subject to FCC end user charges by the total number of lines subject to PICC charges pursuant to 47 C.F.R. 69.153. This ratio is multiplied by the second quarter 2014 USF Factor to determine the appropriate Multiline Business USF Charge Factor. This Multiline Business USF Charge Factor is then divided by nine to arrive at the Centrex USF Charge Factor.

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 - 3/17/14 Federal USF End User Surcharge Rates
 (2nd Qtr 2014 USF Contribution Factor 16.6% - DA 14-337)
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	Subscriber Line Charge - SLC Rates					Proposed 2nd Qtr 2014 USF Contribution Factor (F)	Federal End User USF Surcharge								
	Residential Primary TL #46 10/1/2013 (A)	Residential Non-Primary TL #46 10/1/2013 (B)	ISDN BRI TL #46 10/1/2013 (C)	Single Line Business TL #46 10/1/2013 (D)	Multi-Line Business & ISDN-PRI & Centrex TL #46 10/1/2013 (E)		Residential Primary TL #53 4/1/2014 (G)=A*F	Residential Non-Primary TL #53 4/1/2014 (H)=B*F	ISDN BRI TL #53 4/1/2014 (I)=C*F	Single Line Business TL #53 4/1/2014 (J)=D*F	Payphone TL #53 4/1/2014 (K)=E*F	Multi-Line Business * & ISDN-PRI TL #53 4/1/2014 (L)=Col H Page 2	Centrex * TL #53 4/1/2014 (L)=Col I Page 2		
	Florida	\$ 6.12	\$ 6.12	\$ 6.12	\$ 6.12		\$ 6.80	16.6%	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.13	\$ 1.31	\$ 0.50
	Indiana#	\$ 5.92	\$ 5.92	\$ 5.92	\$ 5.92		\$ 9.20	16.6%	\$ 0.99	\$ 0.99	\$ 0.99	\$ 0.99	\$ 1.53	\$ 1.63	\$ 0.50
Kansas	\$ 6.50	\$ 6.93	\$ 6.93	\$ 6.50	\$ 9.20	16.6%	\$ 1.08	\$ 1.15	\$ 1.15	\$ 1.08	\$ 1.53	\$ 1.55	\$ 0.50		
Minnesota	\$ 5.93	\$ 5.93	\$ 5.93	\$ 5.93	\$ 9.02	16.6%	\$ 0.99	\$ 0.99	\$ 0.99	\$ 0.99	\$ 1.50	\$ 1.58	\$ 0.50		
Missouri#	\$ 6.39	\$ 6.39	\$ 6.39	\$ 6.39	\$ 9.05	16.6%	\$ 1.06	\$ 1.06	\$ 1.06	\$ 1.06	\$ 1.51	\$ 1.82	\$ 0.50		
Nebraska	\$ 2.80	\$ 2.80	\$ 2.80	\$ 2.80	\$ 3.61	16.6%	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.60	\$ 0.62	\$ 0.50		
Nevada	\$ 3.59	\$ 3.59	\$ 3.59	\$ 3.59	\$ 3.71	16.6%	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.62	\$ 0.65	\$ 0.50		
New Jersey	\$ 5.30	\$ 5.30	\$ 5.30	\$ 5.30	\$ 7.38	16.6%	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 1.23	\$ 1.28	\$ 0.50		
North Carolina	\$ 5.39	\$ 5.39	\$ 5.39	\$ 5.39	\$ 5.57	16.6%	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.93	\$ 1.02	\$ 0.50		
Ohio	\$ 5.27	\$ 5.27	\$ 5.27	\$ 5.27	\$ 6.18	16.6%	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 1.03	\$ 1.10	\$ 0.50		
Oregon	\$ 5.92	\$ 5.92	\$ 5.92	\$ 5.92	\$ 9.20	16.6%	\$ 0.99	\$ 0.99	\$ 0.99	\$ 0.99	\$ 1.53	\$ 1.60	\$ 0.50		
Pennsylvania	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 7.37	16.6%	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 1.23	\$ 1.28	\$ 0.50		
South Carolina	\$ 5.18	\$ 5.18	\$ 5.18	\$ 5.18	\$ 5.28	16.6%	\$ 0.86	\$ 0.86	\$ 0.86	\$ 0.86	\$ 0.88	\$ 0.92	\$ 0.50		
Tennessee	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.82	16.6%	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.80	\$ 0.91	\$ 0.50		
Texas	\$ 6.16	\$ 6.16	\$ 6.16	\$ 6.16	\$ 9.20	16.6%	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.53	\$ 1.57	\$ 0.50		
Virginia	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 4.11	16.6%	\$ 0.66	\$ 0.66	\$ 0.66	\$ 0.66	\$ 0.68	\$ 0.70	\$ 0.50		
Washington	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.02	\$ 9.13	16.6%	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.52	\$ 2.43	\$ 0.50		
Wyoming	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	16.6%	\$ 1.08	\$ 1.16	\$ 1.16	\$ 1.08	\$ 1.53	\$ 1.60	\$ 0.50		

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

CenturyLink FCC #9 - 3/17/2014 Federal USF End User Surcharge Rates
(2nd Qtr 2014 USF Contribution Factor 16.6% - DA 14-337)
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	February 2014 Access Lines				Total Multi-Line Bus & ISDN PRI & Centrex Lines (E)=A-B+C+D	Multi-Line Bus, ISDN-PRI & Centrex SLC Rate TL #46 10/1/2013 (F)	Proposed 2nd Qtr 2014 USF Contribution Factor (G)	Initial USF Charge Calculation (H)=F*G	Proposed 4/1/2014 * 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 4/1/2014 * 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	176,282	487	15,540	52,564	243,899	\$ 6.80	16.6%	\$ 1.13	\$ 1.31	\$ 0.50	\$ 275,977	\$ 275,977
Indiana#	21,668	60	1,810	2,215	25,633	\$ 9.20	16.6%	\$ 1.53	\$ 1.63	\$ 0.50	\$ 39,241	\$ 39,241
Kansas	11,639	8	491	215	12,337	\$ 9.20	16.6%	\$ 1.53	\$ 1.55	\$ 0.50	\$ 18,886	\$ 18,886
Minnesota	16,737	13	1,768	1,460	19,952	\$ 9.02	16.6%	\$ 1.50	\$ 1.58	\$ 0.50	\$ 29,947	\$ 29,947
Missouri#	26,352	36	2,191	8,884	37,391	\$ 9.05	16.6%	\$ 1.51	\$ 1.82	\$ 0.50	\$ 56,308	\$ 56,308
Nebraska	2,115	3	130	423	2,665	\$ 3.61	16.6%	\$ 0.60	\$ 0.62	\$ 0.50	\$ 1,601	\$ 1,601
Nevada	78,903	552	9,209	24,426	111,986	\$ 3.71	16.6%	\$ 0.62	\$ 0.65	\$ 0.50	\$ 69,134	\$ 69,134
New Jersey	25,985	90	1,025	1,807	28,727	\$ 7.38	16.6%	\$ 1.23	\$ 1.28	\$ 0.50	\$ 35,278	\$ 35,278
North Carolina	129,600	393	10,325	29,757	169,289	\$ 5.57	16.6%	\$ 0.93	\$ 1.02	\$ 0.50	\$ 156,905	\$ 156,905
Ohio	42,456	103	4,705	6,230	53,288	\$ 6.18	16.6%	\$ 1.03	\$ 1.10	\$ 0.50	\$ 54,799	\$ 54,799
Oregon	7,769	30	530	572	8,841	\$ 9.20	16.6%	\$ 1.53	\$ 1.60	\$ 0.50	\$ 13,535	\$ 13,535
Pennsylvania	32,505	74	2,870	2,731	38,032	\$ 7.37	16.6%	\$ 1.23	\$ 1.28	\$ 0.50	\$ 46,641	\$ 46,641
South Carolina	9,313	10	790	1,169	11,262	\$ 5.28	16.6%	\$ 0.88	\$ 0.92	\$ 0.50	\$ 9,895	\$ 9,895
Tennessee	17,161	43	2,674	6,891	26,683	\$ 4.82	16.6%	\$ 0.80	\$ 0.91	\$ 0.50	\$ 21,401	\$ 21,401
Texas	44,183	54	2,920	1,762	48,811	\$ 9.20	16.6%	\$ 1.53	\$ 1.57	\$ 0.50	\$ 74,724	\$ 74,724
Virginia	42,433	106	3,326	3,819	49,472	\$ 4.11	16.6%	\$ 0.68	\$ 0.70	\$ 0.50	\$ 33,834	\$ 33,834
Washington	8,546	22	655	8,197	17,376	\$ 9.13	16.6%	\$ 1.52	\$ 2.43	\$ 0.50	\$ 26,398	\$ 26,398
Wyoming	1,169	1	40	79	1,287	\$ 9.20	16.6%	\$ 1.53	\$ 1.60	\$ 0.50	\$ 1,970	\$ 1,970
	694,816	2,085	60,999	153,201	906,931					\$	\$ 966,473	\$ 966,473

Federal Universal Service Fund Charge Factor Development
NO PAYPHONE LINES INCLUDED IN MLB LINE COUNTS

State (Note 1)	MLB Lines Subject to FCC End User Charges--Col. 1	MLB Lines Excluding Centrex Col. 2	Centrex Groups < 9 Lines Col. 3	Full Centrex Groups Col. 4	Total PICC Lines Col. 5 = (Cols. 2+3+4)	MLB Lines to PICC Lines Ratio Col. 6 = (Col. 1 / Col. 5)	FCC FUSF Contribution Factor Col. 7	Multi-line Bus. Charge Factor Col. 8 = Col. 7 x Col. 6	Centrex Charge Factor Col. 9 = Col. 8/9
Arizona	283,916	280,433	551	252	281,236	1.009531	0.166000	0.167582	0.018620
Colorado	274,968	270,853	481	313	271,647	1.012226	0.166000	0.168030	0.018670
Idaho (Boise & Spokane LATA)	71,958	67,761	731	252	68,744	1.046750	0.166000	0.173761	0.019307
Montana	41,655	41,161	73	29	41,263	1.009492	0.166000	0.167576	0.018620
New Mexico	101,851	99,048	568	138	99,754	1.021022	0.166000	0.169490	0.018832
Utah	117,224	96,657	704	2,061	99,422	1.179055	0.166000	0.195723	0.021747
Wyoming	43,053	41,762	259	74	42,095	1.022769	0.166000	0.169780	0.018864
Iowa	122,679	120,809	372	97	121,278	1.011550	0.166000	0.167917	0.018657
Minnesota	155,558	124,034	2,406	2,884	129,324	1.202854	0.166000	0.199674	0.022186
Nebraska	48,048	37,998	988	851	39,837	1.206112	0.166000	0.200215	0.022246
North Dakota	16,910	15,898	190	66	16,154	1.046792	0.166000	0.173767	0.019307
South Dakota	32,058	17,443	1,163	1,365	19,971	1.605254	0.166000	0.266472	0.029608
Oregon	112,621	106,293	517	529	107,339	1.049212	0.166000	0.174169	0.019352
Washington	233,753	205,675	1,512	2,614	209,801	1.114167	0.166000	0.184952	0.020550

Note 1: Lines are from February 2014

Note 2: Lines in columns 2 - 5 are determined pursuant to 47 CFR 69.153

Note 3: MLB Lines do not include Payphone Lines