

CenturyLink Operating Companies

Transmittal No. 67

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 2015 to 17.4% consistent with the requirements of the Commission's USF Order¹.

1.0 Universal Service Fund Contribution Factor - Second Quarter 2015

For all companies, excluding those in CLOC Tariff F.C.C. No. 9 and 11, a surcharge equal to the second quarter 2015 USF contribution factor of 0.174 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 15-326) released March 13, 2015.

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 2015 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 2015 USF contribution factor of 0.174 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 2015 contribution factor of 0.174 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

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*).

applying the 0.174 second quarter 2015 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 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 0.174 second quarter 2015 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 2015 USF contribution factor of 0.174 to the total of the end user customer's interstate access charges. Both

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*).

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 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 2015 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.

3.0 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 - 3/17/15 Federal USF End User Surcharge Rates
 (2nd Qtr 2015 USF Contribution Factor 17.4% - DA 15-326)
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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 2nd Qtr 2015 USF Contribution Factor | Residential Primary | Residential Non-Primary | ISDN BRI | Single Line Business | Payphone | Multi-Line Business & ISDN-PRI | Centrex * |
| | TL #60 | TL #60 | TL #60 | TL #60 | TL #60 | | TL #67 | TL #67 | TL #67 | TL #67 | TL #67 | TL #67 | TL #67 |
| | 10/1/2014 | 10/1/2014 | 10/1/2014 | 10/1/2014 | 10/1/2014 | | 4/1/2015 | 4/1/2015 | 4/1/2015 | 4/1/2015 | 4/1/2015 | 4/1/2015 | 4/1/2015 |
| (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 | \$ 6.12 | \$ 6.12 | \$ 6.12 | \$ 6.12 | \$ 6.82 | 17.4% | \$ 1.06 | \$ 1.06 | \$ 1.06 | \$ 1.06 | \$ 1.19 | \$ 1.37 | \$ 0.50 |
| Indiana# | \$ 5.93 | \$ 5.93 | \$ 5.93 | \$ 5.93 | \$ 9.20 | 17.4% | \$ 1.03 | \$ 1.03 | \$ 1.03 | \$ 1.03 | \$ 1.60 | \$ 1.70 | \$ 0.50 |
| Kansas | \$ 6.50 | \$ 6.95 | \$ 6.95 | \$ 6.50 | \$ 9.20 | 17.4% | \$ 1.13 | \$ 1.21 | \$ 1.21 | \$ 1.13 | \$ 1.60 | \$ 1.62 | \$ 0.50 |
| Minnesota | \$ 5.93 | \$ 5.93 | \$ 5.93 | \$ 5.93 | \$ 9.04 | 17.4% | \$ 1.03 | \$ 1.03 | \$ 1.03 | \$ 1.03 | \$ 1.57 | \$ 1.65 | \$ 0.50 |
| Missouri# | \$ 6.40 | \$ 6.40 | \$ 6.40 | \$ 6.40 | \$ 9.07 | 17.4% | \$ 1.11 | \$ 1.11 | \$ 1.11 | \$ 1.11 | \$ 1.58 | \$ 1.91 | \$ 0.50 |
| Nebraska | \$ 2.80 | \$ 2.80 | \$ 2.80 | \$ 2.80 | \$ 3.58 | 17.4% | \$ 0.49 | \$ 0.49 | \$ 0.49 | \$ 0.49 | \$ 0.62 | \$ 0.65 | \$ 0.50 |
| Nevada | \$ 3.59 | \$ 3.59 | \$ 3.59 | \$ 3.59 | \$ 3.71 | 17.4% | \$ 0.62 | \$ 0.62 | \$ 0.62 | \$ 0.62 | \$ 0.65 | \$ 0.68 | \$ 0.50 |
| New Jersey | \$ 5.30 | \$ 5.30 | \$ 5.30 | \$ 5.30 | \$ 7.32 | 17.4% | \$ 0.92 | \$ 0.92 | \$ 0.92 | \$ 0.92 | \$ 1.27 | \$ 1.33 | \$ 0.50 |
| North Carolina | \$ 5.39 | \$ 5.39 | \$ 5.39 | \$ 5.39 | \$ 5.58 | 17.4% | \$ 0.94 | \$ 0.94 | \$ 0.94 | \$ 0.94 | \$ 0.97 | \$ 1.07 | \$ 0.50 |
| Ohio | \$ 5.27 | \$ 5.27 | \$ 5.27 | \$ 5.27 | \$ 6.17 | 17.4% | \$ 0.92 | \$ 0.92 | \$ 0.92 | \$ 0.92 | \$ 1.07 | \$ 1.14 | \$ 0.50 |
| Oregon | \$ 5.92 | \$ 5.92 | \$ 5.92 | \$ 5.92 | \$ 9.20 | 17.4% | \$ 1.03 | \$ 1.03 | \$ 1.03 | \$ 1.03 | \$ 1.60 | \$ 1.67 | \$ 0.50 |
| Pennsylvania | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 7.37 | 17.4% | \$ 0.75 | \$ 0.75 | \$ 0.75 | \$ 0.75 | \$ 1.28 | \$ 1.34 | \$ 0.50 |
| South Carolina | \$ 5.18 | \$ 5.18 | \$ 5.18 | \$ 5.18 | \$ 5.30 | 17.4% | \$ 0.90 | \$ 0.90 | \$ 0.90 | \$ 0.90 | \$ 0.92 | \$ 0.97 | \$ 0.50 |
| Tennessee | \$ 4.70 | \$ 4.70 | \$ 4.70 | \$ 4.70 | \$ 4.83 | 17.4% | \$ 0.82 | \$ 0.82 | \$ 0.82 | \$ 0.82 | \$ 0.84 | \$ 0.96 | \$ 0.50 |
| Texas | \$ 6.16 | \$ 6.16 | \$ 6.16 | \$ 6.16 | \$ 9.20 | 17.4% | \$ 1.07 | \$ 1.07 | \$ 1.07 | \$ 1.07 | \$ 1.60 | \$ 1.64 | \$ 0.50 |
| Virginia | \$ 3.97 | \$ 3.97 | \$ 3.97 | \$ 3.97 | \$ 4.09 | 17.4% | \$ 0.69 | \$ 0.69 | \$ 0.69 | \$ 0.69 | \$ 0.71 | \$ 0.73 | \$ 0.50 |
| Washington | \$ 6.02 | \$ 6.02 | \$ 6.02 | \$ 6.02 | \$ 9.04 | 17.4% | \$ 1.05 | \$ 1.05 | \$ 1.05 | \$ 1.05 | \$ 1.57 | \$ 2.58 | \$ 0.50 |
| Wyoming | \$ 6.50 | \$ 7.00 | \$ 7.00 | \$ 6.50 | \$ 9.20 | 17.4% | \$ 1.13 | \$ 1.22 | \$ 1.22 | \$ 1.13 | \$ 1.60 | \$ 1.67 | \$ 0.50 |

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

CenturyLink FCC #9 - 3/17/15 Federal USF End User Surcharge Rates
 (2nd Qtr 2015 USF Contribution Factor 17.4% - DA 15-326)
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| | | February 2015 Access Lines | | | | Total Multi-Line Bus & ISDN PRI & Centrex Lines (E)=A-B+C+D | Multi-Line Bus, ISDN-PRI & Centrex SLC Rate TL #60 10/1/2014 (F) | Proposed 2nd Qtr 2015 USF Contribution Factor (G) | Initial USF Charge Calculation (H)=F*G | Proposed 4/1/2015 * MultiLine Business & ISDN-PRI USF Charge I=if((E*H-D*0.50)/(A-B+C)< \$0.50,H,(E*H-D*.50)/(A-B+C)) | Proposed 4/1/2015 * 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 | FL39 | 163,922 | 310 | 14,769 | 46,367 | 224,748 | \$ 6.82 | 17.4% | \$ 1.19 | \$ 1.37 | \$ 0.50 | \$ 266,704 | \$ 266,704 |
| Indiana# | IN09 | 20,887 | 45 | 1,745 | 1,999 | 24,586 | \$ 9.20 | 17.4% | \$ 1.60 | \$ 1.70 | \$ 0.50 | \$ 39,357 | \$ 39,357 |
| Kansas | KS04 | 11,118 | 5 | 486 | 208 | 11,807 | \$ 9.20 | 17.4% | \$ 1.60 | \$ 1.62 | \$ 0.50 | \$ 18,901 | \$ 18,901 |
| Minnesota | MN41 | 15,566 | 11 | 1,697 | 1,275 | 18,527 | \$ 9.04 | 17.4% | \$ 1.57 | \$ 1.65 | \$ 0.50 | \$ 29,142 | \$ 29,142 |
| Missouri# | MO07 | 24,826 | 23 | 2,121 | 8,315 | 35,239 | \$ 9.07 | 17.4% | \$ 1.58 | \$ 1.91 | \$ 0.50 | \$ 55,613 | \$ 55,613 |
| Nebraska | NE08 | 1,979 | 2 | 125 | 397 | 2,499 | \$ 3.58 | 17.4% | \$ 0.62 | \$ 0.65 | \$ 0.50 | \$ 1,557 | \$ 1,557 |
| Nevada | NV24 | 75,056 | 418 | 8,068 | 22,186 | 104,892 | \$ 3.71 | 17.4% | \$ 0.65 | \$ 0.68 | \$ 0.50 | \$ 67,712 | \$ 67,712 |
| New Jersey | NJ14 | 24,503 | 73 | 930 | 1,729 | 27,089 | \$ 7.32 | 17.4% | \$ 1.27 | \$ 1.33 | \$ 0.50 | \$ 34,503 | \$ 34,503 |
| North Carolina | NC56 | 123,581 | 151 | 10,071 | 28,191 | 161,692 | \$ 5.58 | 17.4% | \$ 0.97 | \$ 1.07 | \$ 0.50 | \$ 156,990 | \$ 156,990 |
| Ohio | OH11 | 41,437 | 68 | 4,690 | 5,514 | 51,573 | \$ 6.17 | 17.4% | \$ 1.07 | \$ 1.14 | \$ 0.50 | \$ 55,368 | \$ 55,368 |
| Oregon | OR01 | 7,243 | 19 | 515 | 505 | 8,244 | \$ 9.20 | 17.4% | \$ 1.60 | \$ 1.67 | \$ 0.50 | \$ 13,197 | \$ 13,197 |
| Pennsylvania | PA12 | 30,721 | 42 | 2,770 | 2,588 | 36,037 | \$ 7.37 | 17.4% | \$ 1.28 | \$ 1.34 | \$ 0.50 | \$ 46,213 | \$ 46,213 |
| South Carolina | SC17 | 8,936 | 2 | 760 | 1,030 | 10,724 | \$ 5.30 | 17.4% | \$ 0.92 | \$ 0.97 | \$ 0.50 | \$ 9,890 | \$ 9,890 |
| Tennessee | TN18 | 15,866 | 21 | 2,649 | 6,307 | 24,801 | \$ 4.83 | 17.4% | \$ 0.84 | \$ 0.96 | \$ 0.50 | \$ 20,843 | \$ 20,843 |
| Texas | TX36 | 42,860 | 32 | 2,869 | 1,638 | 47,335 | \$ 9.20 | 17.4% | \$ 1.60 | \$ 1.64 | \$ 0.50 | \$ 75,774 | \$ 75,774 |
| Virginia | VA18 | 39,749 | 79 | 3,256 | 3,162 | 46,088 | \$ 4.09 | 17.4% | \$ 0.71 | \$ 0.73 | \$ 0.50 | \$ 32,799 | \$ 32,799 |
| Washington | WA01 | 8,174 | 17 | 650 | 8,246 | 17,053 | \$ 9.04 | 17.4% | \$ 1.57 | \$ 2.58 | \$ 0.50 | \$ 26,824 | \$ 26,824 |
| Wyoming | WY08 | 1,189 | 1 | 40 | 78 | 1,306 | \$ 9.20 | 17.4% | \$ 1.60 | \$ 1.67 | \$ 0.50 | \$ 2,091 | \$ 2,091 |
| | | 657,613 | 1,319 | 58,211 | 139,735 | 854,240 | | | | | | \$ 953,477 | \$ 953,477 |

**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 | 254,600 | 251,451 | 469 | 234 | 252,154 | 1.009699 | 0.174000 | 0.175688 | 0.019521 |
| Colorado | 249,714 | 245,712 | 478 | 303 | 246,493 | 1.013068 | 0.174000 | 0.176274 | 0.019586 |
| Idaho (Boise & Spokane LATA) | 65,874 | 62,209 | 695 | 207 | 63,111 | 1.043787 | 0.174000 | 0.181619 | 0.020180 |
| Montana | 37,941 | 37,469 | 77 | 28 | 37,574 | 1.009761 | 0.174000 | 0.175698 | 0.019522 |
| New Mexico | 92,535 | 89,919 | 545 | 125 | 90,589 | 1.021479 | 0.174000 | 0.177737 | 0.019749 |
| Utah | 106,881 | 86,948 | 675 | 2,004 | 89,627 | 1.192506 | 0.174000 | 0.207496 | 0.023055 |
| Wyoming | 39,791 | 38,779 | 229 | 52 | 39,060 | 1.018718 | 0.174000 | 0.177257 | 0.019695 |
| Iowa | 114,945 | 113,537 | 351 | 53 | 113,941 | 1.008812 | 0.174000 | 0.175533 | 0.019504 |
| Minnesota | 144,615 | 115,269 | 2,343 | 2,666 | 120,278 | 1.202344 | 0.174000 | 0.209208 | 0.023245 |
| Nebraska | 44,558 | 35,094 | 949 | 797 | 36,840 | 1.209508 | 0.174000 | 0.210454 | 0.023384 |
| North Dakota | 15,955 | 15,037 | 187 | 57 | 15,281 | 1.044084 | 0.174000 | 0.181671 | 0.020186 |
| South Dakota | 30,228 | 16,312 | 1,143 | 1,294 | 18,749 | 1.612265 | 0.174000 | 0.280534 | 0.031170 |
| Oregon | 101,529 | 96,670 | 484 | 384 | 97,538 | 1.040913 | 0.174000 | 0.181119 | 0.020124 |
| Washington | 212,201 | 186,734 | 1,422 | 2,350 | 190,506 | 1.113879 | 0.174000 | 0.193815 | 0.021535 |

Note 1: Lines are from February 2015

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

Note 3: MLB Lines do not include Payphone Lines