

## **CenturyLink Operating Companies**

### **Transmittal No. 77**

#### **USF**

#### ***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 1st quarter 2016 to 18.2% consistent with the requirements of the Commission's USF Order.<sup>1</sup>

#### **1.0 Universal Service Fund Contribution Factor - First Quarter 2016**

For all companies, excluding those in CLOC Tariff F.C.C. No. 9 and 11, a surcharge equal to the first quarter 2016 USF contribution factor of 0.182 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.

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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 15-1412) released December 11, 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 first quarter 2016 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 2016 USF contribution factor of 0.182 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 2016 contribution factor of 0.182 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 0.182 first quarter 2016 contribution factor to the sum of the charges representing the

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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*).

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 0.182 first quarter 2016 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*,<sup>3</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 2016 USF contribution factor of 0.182 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.

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<sup>3</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*).

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 first quarter 2016 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 - 12/17/15 Federal USF End User Surcharge Rates**  
 ( 1st Qtr 2016 USF Contribution Factor 18.2% - DA 15-1412 )  
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**Exhibit 1**  
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	Subscriber Line Charge - SLC Rates						Federal End User USF Surcharge							
	Residential	Residential		Single Line	Multi-Line Business &	Proposed	Residential	Residential		Single Line		Multi-Line Business *		
	Primary	Non-Primary	ISDN BRI	Business	ISDN-PRI & Centrex	1st Qtr 2016	Primary	Non-Primary	ISDN BRI	Business	Payphone	& ISDN-PRI	Centrex *	
	TL #72	TL #72	TL #72	TL #72	TL #72	USF Contribution	TL #77	TL #77	TL #77	TL #77	TL #77	TL #77	TL #77	
	<u>7/1/2015</u>	<u>7/1/2015</u>	<u>7/1/2015</u>	<u>7/1/2015</u>	<u>7/1/2015</u>	<u>Factor</u>	<u>1/1/2016</u>	<u>1/1/2016</u>	<u>1/1/2016</u>	<u>1/1/2016</u>	<u>1/1/2016</u>	<u>1/1/2016</u>	<u>1/1/2016</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	\$ 6.88	18.2%	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.25	\$ 1.44	\$ 0.50	
Indiana#	\$ 5.96	\$ 5.96	\$ 5.96	\$ 5.96	\$ 9.20	18.2%	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.67	\$ 1.78	\$ 0.50	
Kansas	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	18.2%	\$ 1.18	\$ 1.27	\$ 1.27	\$ 1.18	\$ 1.67	\$ 1.69	\$ 0.50	
Minnesota	\$ 5.96	\$ 5.96	\$ 5.96	\$ 5.96	\$ 9.13	18.2%	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.66	\$ 1.74	\$ 0.50	
Missouri#	\$ 6.43	\$ 6.43	\$ 6.43	\$ 6.43	\$ 9.17	18.2%	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.67	\$ 2.02	\$ 0.50	
Nebraska	\$ 2.80	\$ 2.80	\$ 2.80	\$ 2.80	\$ 3.69	18.2%	\$ 0.51	\$ 0.51	\$ 0.51	\$ 0.51	\$ 0.67	\$ 0.70	\$ 0.50	
Nevada	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.76	18.2%	\$ 0.66	\$ 0.66	\$ 0.66	\$ 0.66	\$ 0.68	\$ 0.73	\$ 0.50	
New Jersey	\$ 5.32	\$ 5.32	\$ 5.32	\$ 5.32	\$ 7.36	18.2%	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 1.34	\$ 1.40	\$ 0.50	
North Carolina	\$ 5.42	\$ 5.42	\$ 5.42	\$ 5.42	\$ 5.61	18.2%	\$ 0.99	\$ 0.99	\$ 0.99	\$ 0.99	\$ 1.02	\$ 1.13	\$ 0.50	
Ohio	\$ 5.30	\$ 5.30	\$ 5.30	\$ 5.30	\$ 6.21	18.2%	\$ 0.96	\$ 0.96	\$ 0.96	\$ 0.96	\$ 1.13	\$ 1.20	\$ 0.50	
Oregon	\$ 5.95	\$ 5.95	\$ 5.95	\$ 5.95	\$ 9.20	18.2%	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.67	\$ 1.75	\$ 0.50	
Pennsylvania	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 7.48	18.2%	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79	\$ 1.36	\$ 1.43	\$ 0.50	
South Carolina	\$ 5.21	\$ 5.21	\$ 5.21	\$ 5.21	\$ 5.33	18.2%	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.97	\$ 1.01	\$ 0.50	
Tennessee	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.85	18.2%	\$ 0.86	\$ 0.86	\$ 0.86	\$ 0.86	\$ 0.88	\$ 1.02	\$ 0.50	
Texas	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 9.20	18.2%	\$ 1.13	\$ 1.13	\$ 1.13	\$ 1.13	\$ 1.67	\$ 1.71	\$ 0.50	
Virginia	\$ 3.99	\$ 3.99	\$ 3.99	\$ 3.99	\$ 4.17	18.2%	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.76	\$ 0.78	\$ 0.50	
Washington	\$ 6.06	\$ 6.06	\$ 6.06	\$ 6.06	\$ 9.00	18.2%	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.64	\$ 2.76	\$ 0.50	
Wyoming	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	18.2%	\$ 1.18	\$ 1.27	\$ 1.27	\$ 1.18	\$ 1.67	\$ 1.75	\$ 0.50	

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

**CenturyLink FCC #9 - 12/17/15 Federal USF End User Surcharge Rates**  
**( 1st Qtr 2016 USF Contribution Factor 18.27% - DA 15-1412 )**  
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**Exhibit 1**  
**Page 2 of 2**

November 2015 Access Lines					Multi-Line Bus, ISDN-PRI & Centrex SLC Rate		Proposed 1st Qtr 2016 USF Contribution		Initial USF Charge Calculation		Proposed 1/1/2016 * MultiLine Business & ISDN-PRI USF Charge		Proposed 1/1/2016 * Centrex USF Charge		Allowable MultiLine Bus & Centrex & ISDN-PRI Revenue		PriceOut MultiLine Bus & Centrex & ISDN-PRI Revenue	
MultiLine Business (A)	Payphone (B)	ISDN PRI ( 5 Times ) (C)	Centrex (D)	Total Multi-Line Bus & ISDN PRI & Centrex Lines (E)=A-B+C+D	TL #72 7/1/2015 (F)		Factor (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	153,328	231	14,216	42,565	209,878	\$	6.88	18.2%	\$ 1.25	\$ 1.44	\$	0.50	\$	262,801	\$	262,801		
Indiana#	19,768	35	1,705	1,856	23,294	\$	9.20	18.2%	\$ 1.67	\$ 1.78	\$	0.50	\$	39,003	\$	39,003		
Kansas	10,395	4	466	132	10,989	\$	9.20	18.2%	\$ 1.67	\$ 1.69	\$	0.50	\$	18,400	\$	18,400		
Minnesota	14,534	9	1,601	1,143	17,269	\$	9.13	18.2%	\$ 1.66	\$ 1.74	\$	0.50	\$	28,695	\$	28,695		
Missouri#	23,245	20	2,131	7,655	33,011	\$	9.17	18.2%	\$ 1.67	\$ 2.02	\$	0.50	\$	55,093	\$	55,093		
Nebraska	1,865	2	120	377	2,360	\$	3.69	18.2%	\$ 0.67	\$ 0.70	\$	0.50	\$	1,585	\$	1,585		
Nevada	68,441	358	7,671	20,665	96,419	\$	3.76	18.2%	\$ 0.68	\$ 0.73	\$	0.50	\$	65,981	\$	65,981		
New Jersey	22,848	55	830	1,653	25,276	\$	7.36	18.2%	\$ 1.34	\$ 1.40	\$	0.50	\$	33,858	\$	33,858		
North Carolina	116,053	110	9,730	26,600	152,273	\$	5.61	18.2%	\$ 1.02	\$ 1.13	\$	0.50	\$	155,474	\$	155,474		
Ohio	39,234	51	4,515	4,941	48,639	\$	6.21	18.2%	\$ 1.13	\$ 1.20	\$	0.50	\$	54,973	\$	54,973		
Oregon	6,931	18	500	460	7,873	\$	9.20	18.2%	\$ 1.67	\$ 1.75	\$	0.50	\$	13,183	\$	13,183		
Pennsylvania	29,278	34	2,765	2,488	34,497	\$	7.48	18.2%	\$ 1.36	\$ 1.43	\$	0.50	\$	46,963	\$	46,963		
South Carolina	8,624	2	730	718	10,070	\$	5.33	18.2%	\$ 0.97	\$ 1.01	\$	0.50	\$	9,769	\$	9,769		
Tennessee	14,701	17	2,474	6,000	23,158	\$	4.85	18.2%	\$ 0.88	\$ 1.02	\$	0.50	\$	20,442	\$	20,442		
Texas	40,703	25	2,729	1,456	44,863	\$	9.20	18.2%	\$ 1.67	\$ 1.71	\$	0.50	\$	75,119	\$	75,119		
Virginia	37,273	63	3,151	2,724	43,085	\$	4.17	18.2%	\$ 0.76	\$ 0.78	\$	0.50	\$	32,699	\$	32,699		
Washington	7,749	14	660	8,292	16,687	\$	9.00	18.2%	\$ 1.64	\$ 2.76	\$	0.50	\$	27,333	\$	27,333		
Wyoming	1,190	1	45	76	1,310	\$	9.20	18.2%	\$ 1.67	\$ 1.75	\$	0.50	\$	2,193	\$	2,193		
	616,160	1,049	56,039	129,801	800,951									\$ 943,563	\$	943,563		

**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	234,747	231,774	447	221	232,442	1.009916	0.182000	0.183805	0.020423
Colorado	233,270	229,238	465	312	230,015	1.014152	0.182000	0.184576	0.020508
Idaho (Boise & Spokane LATA)	62,963	59,416	634	208	60,258	1.044885	0.182000	0.190169	0.021130
Montana	35,465	35,032	64	28	35,124	1.009708	0.182000	0.183767	0.020419
New Mexico	85,525	82,937	526	128	83,591	1.023134	0.182000	0.186210	0.020690
Utah	101,014	81,154	668	1,998	83,820	1.205128	0.182000	0.219333	0.024370
Wyoming	37,043	36,154	193	44	36,391	1.017913	0.182000	0.185260	0.020584
Iowa	109,045	107,749	325	47	108,121	1.008549	0.182000	0.183556	0.020395
Minnesota	134,665	108,213	2,229	2,368	112,810	1.193734	0.182000	0.217260	0.024140
Nebraska	42,282	32,981	873	800	34,654	1.220123	0.182000	0.222062	0.024674
North Dakota	14,777	13,888	174	58	14,120	1.046563	0.182000	0.190474	0.021164
South Dakota	29,210	15,602	1,124	1,264	17,990	1.623680	0.182000	0.295510	0.032834
Oregon	94,811	91,181	463	248	91,892	1.031764	0.182000	0.187781	0.020865
Washington	198,071	173,841	1,355	2,232	177,428	1.116345	0.182000	0.203175	0.022575

Note 1: Lines are from November 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