



Streamlined Filing

This Streamlined filing is **being** made on 15 days' notice in accordance with Section 204 (a)(3) of the Communications Act.

Christy Londerholm
Director – Price Cap Modeling

July 1, 2016

Transmittal No. 85

Secretary
Federal Communications Commission
445 12th Street, SW, TW-A325
Washington, DC 20554

Attention: Wireline Competition Bureau

The accompanying tariff material, issued on behalf of CenturyLink Operating Companies (CLOC) and bearing Tariff F.C.C. No. 11, effective as reflected on the attached tariff pages, is sent to you in compliance with the requirements of the Communications Act of 1934, as amended.

The material for the contract tariff part of this filing consists of tariff pages indicated on the following check sheet(s):

11	39th Revised Page 0-1
	6th Revised Page 0-1.7
	3rd Revised Page 0-1.8
	4th Revised Page 0-1.12
	2nd Revised Page 0-1.13
	3rd Revised Page 0-1.14

CenturyLink is filing to grandfather the Regional Commitment Plan (RCP) pricing plan in Section 7 of CLOC Tariff F.C.C. No. 11 effective July 16, 2016, primarily due to lack of demand and the migration of most RCP customers to newer pricing plans. This grandfathering also reflects the fact that the RCP no longer comports with the company's strategy in the business data service marketplace. As of July 16, 2016, CenturyLink's RCP will no longer be available to new customers. DS1 and DS3 services remain fully available to all customers and no other Discount Plan is changing at this time. Among others, all customers have access in the Qwest footprint to the Variable Term Pricing Plan, which does not require customers to commit all their relevant in-service purchases into the plan.

Existing customers of this service will be grandfathered as follows:

- As of July 16, 2016 all terms, conditions and discounts remain fully effective.
- In the *Tariff Investigation Order* (FCC 16-54), released on May 2, 2016, the Commission found that the so-called "all-or-nothing" provisions in the RCP and certain other tariff pricing plans under investigation are unlawful and must be removed from those pricing plans with respect to new customers. The Commission also sought comment on how to implement the elimination of the all-or-nothing provisions for existing agreements under these plans. CenturyLink will comply with any subsequent Commission ruling on this issue with respect to existing RCP customers. In the meantime, CenturyLink is exploring potential alternative arrangements with these customers that meet the interests of both parties to these agreements.
- These customers will also have the option of establishing a new RCP term when their current one expires.

By grandfathering the RCP, CenturyLink is effectively complying with the *Tariff Investigation Order's* directive to remove the all-or-nothing provisions from the relevant tariffs prospectively. See *Tariff Investigation Order* at ¶ 96. The proposed grandfathering does not affect the availability of any interstate telecommunications services; therefore an F.C.C. 214 application is unnecessary as well.

As noted, CenturyLink seeks to grandfather the RCP primarily due to limited demand for the plan, which does not justify the substantial expense of implementing information technology (IT) programming changes necessary to offer the modified RCP (*i.e.*, revised to conform to the *Tariff Investigation Order*) in an efficient and cost effective manner. Today only two unaffiliated customers remain on the RCP.¹ As a result, CenturyLink's annualized revenues from unaffiliated RCP customers stand at less than 1 percent of RCP revenues in 2012. No new customers have requested an RCP plan since 2011, and CenturyLink is not aware of any new customers planning to subscribe to the RCP. In any case, the addition of one or even a handful of customers to the RCP would not make it financially attractive to maintain this 20-year-old plan. The precipitous drop in RCP revenues is due in part to falling demand for increasingly obsolescent DSn services. It also reflects CenturyLink's proactive efforts to migrate RCP customers to newer discount plans created in response to customer feedback.

Like any large telecommunications provider, CenturyLink has established automated systems to handle the ordering, provisioning, repair and billing of the services it provides. Today, services ordered under the RCP are billed from a CenturyLink back-office system called IABS. That will soon change, however. CenturyLink has been working for two years on a large project to consolidate its billing and ordering systems. Once that consolidation is complete, which is currently scheduled for early October, RCP services will be billed from CABS, another CenturyLink system. In order to offer the modified RCP to new customers on an automated basis going forward, CenturyLink would need to make significant programming changes to both IABS and CABS.

Clearly, the changes to IABS are not warranted given the system's short remaining lifespan. But, even for CABS, CenturyLink has concluded that the necessary systems changes to offer the modified RCP are not financially prudent, given the limited demand for that plan and the fact that the RCP no longer fits into the company's business objectives. Based on a preliminary estimate, it appears that those changes to CABS could total as much as \$350,000 to \$500,000. Given the current workload of the programmers undertaking the IABS/CABS migration, those changes likely could not be completed until the end of the year, at the earliest. While the removal of a single tariff provision (*i.e.*, the all-or-nothing provision) from the RCP may appear to be a trivial programming project, CABS' complexity makes this task both expensive and time-consuming. Currently, all of an RCP subscriber's DS1 and DS3 circuits purchased from CenturyLink Qwest Corporation (QC) trigger an RCP discount. With the elimination of the all-or-nothing provision, each RCP customer would be able to choose its own RCP revenue commitment level, such that some of its DS1/DS3 circuits would trigger an RCP discount and some would get a discount under another plan or, for month-to-month circuits, no discount at all. Because the RCP billing system is a Universal Service Ordering Codes (USOC) driven plan, this tariff change would require CenturyLink to set up new customer-specific USOCs that would essentially treat each customer agreement as a new tariff plan. While other billing systems are based on ACNAs, that is not the case with the RCP billing system. Changes to CABS would also have to be made to avoid assessing inappropriate shortfall charges. Failure to make these programming changes would cause an RCP customer to be assessed shortfall charges if it ordered or moved DS1s or

¹ One of CenturyLink's corporate affiliates also currently subscribes to the RCP.

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DS3s outside of the RCP, if that caused the customer's RCP revenues to fall below its total volume of DS1s/DS3s purchased from QC at the time it entered the RCP.

It is also not economically or practically feasible for CenturyLink to bill for the modified RCP on a manual basis. In the short term, the CenturyLink work group that would handle such manual billing is immersed in trying to complete the IABS/CABS migration by the October deadline. In the longer term, it would be expensive and inefficient for CenturyLink to bill for the modified RCP on a manual basis. Aside from these billing changes, CenturyLink would likely have to make changes to other systems and processes to offer a modified RCP, such as ordering, training and documentation, which again are not warranted for the negligible RCP demand.

Of course, interstate carriers have a long history of eliminating or grandfathering tariff plans when those plans are effectively replaced by newer plans that better meet customer needs. That is exactly what CenturyLink is proposing to do here. As noted, nearly all of the customers previously on the RCP have moved to other CenturyLink plans or contract-based tariffs or taken their business to another provider. Given all the circumstances noted in this letter, it is eminently reasonable for CenturyLink to grandfather the RCP.

CenturyLink is working with the two remaining customers on the RCP to try to identify an alternative to the RCP that meets each company's business needs. CenturyLink is also exploring a potential replacement for the RCP. One possibility being explored is extending CenturyLink's Term Discount Plan, which is currently available in legacy Embarq areas, to the entire CenturyLink ILEC footprint, thus allowing customers greater flexibility for managing their circuit changes within their chosen commitment level. Such consistency would be beneficial for both customers and CenturyLink. Particularly given the competitiveness of the business data service marketplace, CenturyLink has every incentive to offer discount plans that customers want and that are more likely to make them choose CenturyLink. CenturyLink is targeting to implement a replacement plan by the end of this year. By leveraging the CABS billing system's existing functionalities, CenturyLink hopes to timely and efficiently establish a new plan once the system conversion is complete.

CenturyLink's proposed grandfathering will not harm customers. As noted, all but two customers have voluntarily chosen to leave the RCP.

The proposed grandfathering also presents no question of lawfulness. As the D.C. Circuit has found, an ILEC has "no obligation to offer a volume discount plan[.]"²

Consistent with Paragraph 96 of the *Tariff Investigation Order* this filing is being made on 15 day's notice under the Commission's streamlined filing procedures. The effective date of the Grandfathering is July 16, 2016.

² *BellSouth Telecoms., Inc. v. FCC*, 469 F.3d 1052, 1057 (D.C. Cir. 2006).

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In accordance with the requirements of Section 61.15(a)(4) of the Commission's Rules, the FCC Registration Number (FRN) for CenturyLink is 0018-6268-53. CenturyLink is filing this transmittal on behalf of issuing carriers listed on Attachment A.

The Application filing fee in the amount of \$910.00 is being paid by credit card through the appropriate entries in Section E of the ETFS generated Form 159.

All correspondence and inquiries in connection with this filing, including service copies of petitions, should be directed to:

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CenturyLink
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Phone (913) 353-7067

Attachment: Tariff Pages

ATTACHMENT A

Federal Registration Numbers for CENTURYLINK OPERATING COMPANIES

Tariff F.C.C No. 11 Participants

0003-7467-57

0008-1312-94 (Concurring Carrier)