

CenturyLink Operating Companies

Transmittal No. 86

Description and Justification

The CenturyLink Operating Companies (CLOC) hereby submits 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, 11 and 12.

The first portion of this filing is being made per Section 61.58 on not less than one day's notice. This filing proposes a new contract in Section 24, Contract Tariffs in CLOC Tariff F.C.C. No. 11. CenturyLink is filing this contract under authority granted in Section 69.727 of the Commission's Rules and is in compliance with terms contained in Section 61.55 of the Commission's Rules.

The second portion of this filing is being filed on not less than 15 days' notice under the Federal Communications Commission's streamlined filing procedures and includes price cap adjustments consistent with the requirements of Sections 61.41 through 61.49 of the Federal Communications Commission's Rules. This filing adjusts CenturyLink's federal universal service fund (USF) contribution factor for 4th quarter 2016 to 17.4% consistent with the requirements of the Commission's USF Order.¹ This filing also proposes to discontinue its wholesale interstate Busy Line Verification (BLV) and Busy Line Interrupt (BLI) effective October 1, 2016 under authority granted pursuant to Section 214 of the Communications Act and Section 63.71 of the Commission's rules (CLOC Tariff F.C.C. Nos. 2, 3, 9 & 11). This filing also proposes minor tariff language changes designed to clarify the provision of interstate services, including service

credit clarification (CLOC Tariff F.C.C. Nos. 1, 2, 3, 6, 7, 8 & 9), ARC Centrex exemption clarification (CLOC Tariff F.C.C. Nos. 1, 2, 3, 6, 7, 8 & 9) and removal of USOC's and Field Identifiers (CLOC Tariff F.C.C. Nos. 2, 3, 8 & 11) as part of the consolidation and alignment of CenturyLink's billing system and tariffs. This filing also proposes to add 2 new Special Construction cases in CLOC Tariff F.C.C. No. 12, Special Construction. Supporting information for these cases, discussed under Section 61.38 of the Commission's Rules, is included in the attached Special Construction Description and Justifications (D&J).

1.0 Universal Service Fund Contribution Factor - Fourth Quarter 2016

For all companies, excluding those in CLOC Tariff F.C.C. No. 9 and 11, a surcharge equal to the fourth quarter 2016 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.

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 fourth quarter 2016 assessment.

¹ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Public Notice (DA 16-1024) released September 12, 2016.)

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 fourth quarter 2016 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 fourth quarter 2016 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 applying the 0.174 fourth quarter 2016 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 0.174 fourth 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*,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 fourth quarter 2016 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 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 fourth 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 *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

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 - 9/16/16 Federal USF End User Surcharge Rates
(4th Qtr 2016 USF Contribution Factor 17.4% - DA 16-1024)
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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	4th Qtr 2016	Primary	Non-Primary	ISDN BRI	Business	Payphone	& ISDN-PRI	Centrex *		
	TL #84	TL #84	TL #84	TL #84	TL #84	USF Contribution	TL #86	TL #86	TL #86	TL #86	TL #86	TL #86	TL #86		
	<u>7/1/2016</u>	<u>7/1/2016</u>	<u>7/1/2016</u>	<u>7/1/2016</u>	<u>7/1/2016</u>	<u>Factor</u>	<u>10/1/2016</u>	<u>10/1/2016</u>	<u>10/1/2016</u>	<u>10/1/2016</u>	<u>10/1/2016</u>	<u>10/1/2016</u>	<u>10/1/2016</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	\$ 6.17	\$ 6.17	\$ 6.17	\$ 6.17	\$ 6.92	17.4%	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.20	\$ 1.38	\$ 0.50		
Indiana#	\$ 5.98	\$ 5.98	\$ 5.98	\$ 5.98	\$ 9.20	17.4%	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.60	\$ 1.69	\$ 0.50		
Kansas	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	17.4%	\$ 1.13	\$ 1.22	\$ 1.22	\$ 1.13	\$ 1.60	\$ 1.61	\$ 0.50		
Minnesota	\$ 5.98	\$ 5.98	\$ 5.98	\$ 5.98	\$ 9.20	17.4%	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.60	\$ 1.68	\$ 0.50		
Missouri#	\$ 6.46	\$ 6.46	\$ 6.46	\$ 6.46	\$ 9.20	17.4%	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.60	\$ 1.91	\$ 0.50		
Nebraska	\$ 2.80	\$ 2.80	\$ 2.80	\$ 2.80	\$ 3.77	17.4%	\$ 0.49	\$ 0.49	\$ 0.49	\$ 0.49	\$ 0.66	\$ 0.69	\$ 0.50		
Nevada	\$ 3.61	\$ 3.61	\$ 3.61	\$ 3.61	\$ 3.80	17.4%	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.66	\$ 0.70	\$ 0.50		
New Jersey	\$ 5.34	\$ 5.34	\$ 5.34	\$ 5.34	\$ 7.38	17.4%	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 1.28	\$ 1.34	\$ 0.50		
North Carolina	\$ 5.44	\$ 5.44	\$ 5.44	\$ 5.44	\$ 5.63	17.4%	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.98	\$ 1.08	\$ 0.50		
Ohio	\$ 5.32	\$ 5.32	\$ 5.32	\$ 5.32	\$ 6.22	17.4%	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 1.08	\$ 1.14	\$ 0.50		
Oregon	\$ 5.98	\$ 5.98	\$ 5.98	\$ 5.98	\$ 9.20	17.4%	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.60	\$ 1.65	\$ 0.50		
Pennsylvania	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 7.53	17.4%	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 1.31	\$ 1.37	\$ 0.50		
South Carolina	\$ 5.23	\$ 5.23	\$ 5.23	\$ 5.23	\$ 5.37	17.4%	\$ 0.91	\$ 0.91	\$ 0.91	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.50		
Tennessee	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.88	17.4%	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.83	\$ 0.85	\$ 0.95	\$ 0.50		
Texas	\$ 6.22	\$ 6.22	\$ 6.22	\$ 6.22	\$ 9.20	17.4%	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.60	\$ 1.64	\$ 0.50		
Virginia	\$ 4.02	\$ 4.02	\$ 4.02	\$ 4.02	\$ 4.17	17.4%	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.73	\$ 0.74	\$ 0.50		
Washington	\$ 6.08	\$ 6.08	\$ 6.08	\$ 6.08	\$ 8.95	17.4%	\$ 1.06	\$ 1.06	\$ 1.06	\$ 1.06	\$ 1.56	\$ 2.65	\$ 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 - 9/16/16 Federal USF End User Surcharge Rates
(4th Qtr 2016 USF Contribution Factor 17.4% - DA 16-1024)
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Exhibit 1
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	August 2016 Access Lines				Multi-Line Bus, ISDN-PRI & Centrex SLC Rate		Proposed 4th Qtr 2016 USF Contribution Factor	Initial USF Charge Calculation (H)=F*G	Proposed 10/1/2016 * MultiLine Business & ISDN-PRI USF Charge $I = \text{if}((E*H-D*0.50)/(A-B+C) < \$0.50, H, (E*H-D*0.50)/(A-B+C))$	Proposed 10/1/2016 * Centrex USF Charge $J = \text{Min}(\$0.50, H)$	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)	Total Multi-Line Bus & ISDN PRI & Centrex Lines (E)=A-B+C+D	TL #84 7/1/2016 (F)						
Florida	145,937	179	13,764	39,847	199,369	\$ 6.92	17.4%	\$ 1.20	\$ 1.38	\$ 0.50	\$ 240,056	\$ 240,056
Indiana#	18,894	28	1,715	1,678	22,259	\$ 9.20	17.4%	\$ 1.60	\$ 1.69	\$ 0.50	\$ 35,632	\$ 35,632
Kansas	9,825	3	481	110	10,413	\$ 9.20	17.4%	\$ 1.60	\$ 1.61	\$ 0.50	\$ 16,669	\$ 16,669
Minnesota	13,752	8	1,511	1,051	16,306	\$ 9.20	17.4%	\$ 1.60	\$ 1.68	\$ 0.50	\$ 26,103	\$ 26,103
Missouri#	22,159	20	2,086	6,913	31,138	\$ 9.20	17.4%	\$ 1.60	\$ 1.91	\$ 0.50	\$ 49,846	\$ 49,846
Nebraska	1,777	2	110	351	2,236	\$ 3.77	17.4%	\$ 0.66	\$ 0.69	\$ 0.50	\$ 1,467	\$ 1,467
Nevada	67,017	300	7,358	19,497	93,572	\$ 3.80	17.4%	\$ 0.66	\$ 0.70	\$ 0.50	\$ 61,870	\$ 61,870
New Jersey	21,398	49	790	1,549	23,688	\$ 7.38	17.4%	\$ 1.28	\$ 1.34	\$ 0.50	\$ 30,418	\$ 30,418
North Carolina	110,628	86	9,345	24,586	144,473	\$ 5.63	17.4%	\$ 0.98	\$ 1.08	\$ 0.50	\$ 141,529	\$ 141,529
Ohio	37,452	43	4,310	4,432	46,151	\$ 6.22	17.4%	\$ 1.08	\$ 1.14	\$ 0.50	\$ 49,948	\$ 49,948
Oregon	6,618	15	465	347	7,415	\$ 9.20	17.4%	\$ 1.60	\$ 1.65	\$ 0.50	\$ 11,870	\$ 11,870
Pennsylvania	27,971	34	2,660	2,349	32,946	\$ 7.53	17.4%	\$ 1.31	\$ 1.37	\$ 0.50	\$ 43,167	\$ 43,167
South Carolina	8,435	2	725	612	9,770	\$ 5.37	17.4%	\$ 0.93	\$ 0.96	\$ 0.50	\$ 9,129	\$ 9,129
Tennessee	14,028	14	2,387	4,613	21,014	\$ 4.88	17.4%	\$ 0.85	\$ 0.95	\$ 0.50	\$ 17,843	\$ 17,843
Texas	39,187	18	2,673	1,323	43,165	\$ 9.20	17.4%	\$ 1.60	\$ 1.64	\$ 0.50	\$ 69,099	\$ 69,099
Virginia	35,487	59	2,831	2,434	40,693	\$ 4.17	17.4%	\$ 0.73	\$ 0.74	\$ 0.50	\$ 29,526	\$ 29,526
Washington	7,379	14	630	8,260	16,255	\$ 8.95	17.4%	\$ 1.56	\$ 2.65	\$ 0.50	\$ 25,314	\$ 25,314
Wyoming	1,177	1	45	76	1,297	\$ 9.20	17.4%	\$ 1.60	\$ 1.67	\$ 0.50	\$ 2,076	\$ 2,076
	589,121	875	53,886	120,028	762,160						\$ 861,561	\$ 861,561

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	215,425	213,092	309	181	213,582	1.008628	0.174000	0.175501	0.019500
Colorado	217,251	213,533	413	291	214,237	1.014068	0.174000	0.176448	0.019605
Idaho (Boise & Spokane LATA)	59,458	56,085	615	194	56,894	1.045062	0.174000	0.181841	0.020205
Montana	32,555	32,125	61	31	32,217	1.010484	0.174000	0.175824	0.019536
New Mexico	79,035	76,586	509	120	77,215	1.023568	0.174000	0.178101	0.019789
Utah	94,070	74,969	651	1,919	77,539	1.213192	0.174000	0.211095	0.023455
Wyoming	34,358	33,556	177	44	33,777	1.017211	0.174000	0.176995	0.019666
Iowa	102,674	101,401	313	48	101,762	1.008964	0.174000	0.175560	0.019507
Minnesota	122,844	99,866	2,191	2,002	104,059	1.180528	0.174000	0.205412	0.022824
Nebraska	38,987	30,241	880	742	31,863	1.223569	0.174000	0.212901	0.023656
North Dakota	13,770	12,912	169	54	13,135	1.048318	0.174000	0.182407	0.020267
South Dakota	28,141	15,012	1,132	1,207	17,351	1.621845	0.174000	0.282201	0.031356
Oregon	87,129	84,097	485	191	84,773	1.027795	0.174000	0.178836	0.019871
Washington	184,490	161,012	1,338	2,158	164,508	1.121466	0.174000	0.195135	0.021682

Note 1: Lines are from August 2016

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

Note 3: MLB Lines do not include Payphone Lines