

CenturyLink Operating Companies

Transmittal No. 89

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, and 11.

This filing is being filed on not less than 15 days' notice under the Federal Communications Commission's streamlined filing procedures and includes tariff changes 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 1st quarter 2017 to 16.7% consistent with the requirements of the Commission's USF Order.¹ This filing also proposes to change the name of CenturyTel of Evangeline, LLC d/b/a CenturyLink to CenturyLink of Louisiana, LLC. (CLOC Tariff F.C.C. No. 6). Minor tariff language changes designed to clarify the provision of interstate service are also included.

Universal Service Fund Contribution Factor - First Quarter 2017

For all companies, excluding those in CLOC Tariff F.C.C. No. 9 and 11, a surcharge equal to the first quarter 2017 USF contribution factor of 0.167 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,

¹ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Public Notice (DA 16-1367) released December 9, 2016.)

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 first quarter 2017 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 first quarter 2017 USF contribution factor of 0.167 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 2017 contribution factor of 0.167 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).

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*).

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 0.167 first quarter 2017 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 0.167 first quarter 2017 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 first quarter 2017 USF contribution factor of 0.167 to the total of the end user customer's interstate access charges. Both the

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*).

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 first quarter 2017 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 - 12/16/16 Federal USF End User Surcharge Rates
(1st Qtr 2017 USF Contribution Factor 16.7% - DA 16-1367)
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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 2017		Primary	Non-Primary	ISDN BRI	Business	Payphone	& ISDN-PRI	Centrex *
	TL #84	TL #84	TL #84	TL #84	TL #84			TL #89	TL #89	TL #89	TL #89	TL #89	TL #89	TL #89
	<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>1/1/2017</u>	<u>1/1/2017</u>	<u>1/1/2017</u>	<u>1/1/2017</u>	<u>1/1/2017</u>	<u>1/1/2017</u>	<u>1/1/2017</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	16.7%		\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.16	\$ 1.32	\$ 0.50
Indiana#	\$ 5.98	\$ 5.98	\$ 5.98	\$ 5.98	\$ 9.20	16.7%		\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.54	\$ 1.61	\$ 0.50
Kansas	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	16.7%		\$ 1.09	\$ 1.17	\$ 1.17	\$ 1.09	\$ 1.54	\$ 1.55	\$ 0.50
Minnesota	\$ 5.98	\$ 5.98	\$ 5.98	\$ 5.98	\$ 9.20	16.7%		\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.54	\$ 1.61	\$ 0.50
Missouri#	\$ 6.46	\$ 6.46	\$ 6.46	\$ 6.46	\$ 9.20	16.7%		\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.54	\$ 1.83	\$ 0.50
Nebraska	\$ 2.80	\$ 2.80	\$ 2.80	\$ 2.80	\$ 3.77	16.7%		\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.63	\$ 0.65	\$ 0.50
Nevada	\$ 3.61	\$ 3.61	\$ 3.61	\$ 3.61	\$ 3.80	16.7%		\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.63	\$ 0.67	\$ 0.50
New Jersey	\$ 5.34	\$ 5.34	\$ 5.34	\$ 5.34	\$ 7.38	16.7%		\$ 0.89	\$ 0.89	\$ 0.89	\$ 0.89	\$ 1.23	\$ 1.28	\$ 0.50
North Carolina	\$ 5.44	\$ 5.44	\$ 5.44	\$ 5.44	\$ 5.63	16.7%		\$ 0.91	\$ 0.91	\$ 0.91	\$ 0.91	\$ 0.94	\$ 1.03	\$ 0.50
Ohio	\$ 5.32	\$ 5.32	\$ 5.32	\$ 5.32	\$ 6.22	16.7%		\$ 0.89	\$ 0.89	\$ 0.89	\$ 0.89	\$ 1.04	\$ 1.10	\$ 0.50
Oregon	\$ 5.98	\$ 5.98	\$ 5.98	\$ 5.98	\$ 9.20	16.7%		\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.54	\$ 1.58	\$ 0.50
Pennsylvania	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 7.53	16.7%		\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 1.26	\$ 1.32	\$ 0.50
South Carolina	\$ 5.23	\$ 5.23	\$ 5.23	\$ 5.23	\$ 5.37	16.7%		\$ 0.87	\$ 0.87	\$ 0.87	\$ 0.87	\$ 0.90	\$ 0.92	\$ 0.50
Tennessee	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.88	16.7%		\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.81	\$ 0.90	\$ 0.50
Texas	\$ 6.22	\$ 6.22	\$ 6.22	\$ 6.22	\$ 9.20	16.7%		\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.54	\$ 1.57	\$ 0.50
Virginia	\$ 4.02	\$ 4.02	\$ 4.02	\$ 4.02	\$ 4.17	16.7%		\$ 0.67	\$ 0.67	\$ 0.67	\$ 0.67	\$ 0.70	\$ 0.71	\$ 0.50
Washington	\$ 6.08	\$ 6.08	\$ 6.08	\$ 6.08	\$ 8.95	16.7%		\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.49	\$ 2.54	\$ 0.50
Wyoming	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	16.7%		\$ 1.09	\$ 1.17	\$ 1.17	\$ 1.09	\$ 1.54	\$ 1.60	\$ 0.50

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

CenturyLink FCC #9 - 12/16/16 Federal USF End User Surcharge Rates
(1st Qtr 2017 USF Contribution Factor 16.7% - DA 16-1367)
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Exhibit 1
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November 2016 Access Lines					Multi-Line Bus, ISDN-PRI & Centrex SLC Rate	Proposed 1st Qtr 2017 USF Contribution	Initial USF Charge Calculation	Proposed 1/1/2017 * MultiLine Business & ISDN-PRI USF Charge	Proposed 1/1/2017 * 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 #84 7/1/2016 (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	143,067	158	13,552	38,207	194,668	\$ 6.92	16.7%	\$ 1.16	\$ 1.32	\$ 0.50	\$ 224,966
Indiana#	18,522	27	1,735	1,518	21,748	\$ 9.20	16.7%	\$ 1.54	\$ 1.61	\$ 0.50	\$ 33,414
Kansas	9,569	3	471	105	10,142	\$ 9.20	16.7%	\$ 1.54	\$ 1.55	\$ 0.50	\$ 15,582
Minnesota	13,493	7	1,511	1,006	16,003	\$ 9.20	16.7%	\$ 1.54	\$ 1.61	\$ 0.50	\$ 24,587
Missouri#	21,755	18	2,116	6,791	30,644	\$ 9.20	16.7%	\$ 1.54	\$ 1.83	\$ 0.50	\$ 47,081
Nebraska	1,732	2	110	347	2,187	\$ 3.77	16.7%	\$ 0.63	\$ 0.65	\$ 0.50	\$ 1,377
Nevada	65,451	292	7,320	19,242	91,721	\$ 3.80	16.7%	\$ 0.63	\$ 0.67	\$ 0.50	\$ 58,206
New Jersey	20,921	46	775	1,497	23,147	\$ 7.38	16.7%	\$ 1.23	\$ 1.28	\$ 0.50	\$ 28,528
North Carolina	108,657	71	9,255	23,821	141,662	\$ 5.63	16.7%	\$ 0.94	\$ 1.03	\$ 0.50	\$ 133,192
Ohio	36,755	40	4,260	4,300	45,275	\$ 6.22	16.7%	\$ 1.04	\$ 1.10	\$ 0.50	\$ 47,029
Oregon	6,530	15	455	323	7,293	\$ 9.20	16.7%	\$ 1.54	\$ 1.58	\$ 0.50	\$ 11,205
Pennsylvania	27,484	32	2,595	2,324	32,371	\$ 7.53	16.7%	\$ 1.26	\$ 1.32	\$ 0.50	\$ 40,707
South Carolina	8,402	2	730	601	9,731	\$ 5.37	16.7%	\$ 0.90	\$ 0.92	\$ 0.50	\$ 8,727
Tennessee	13,471	14	2,362	4,475	20,294	\$ 4.88	16.7%	\$ 0.81	\$ 0.90	\$ 0.50	\$ 16,539
Texas	38,489	15	2,623	1,308	42,405	\$ 9.20	16.7%	\$ 1.54	\$ 1.57	\$ 0.50	\$ 65,151
Virginia	35,113	22	2,686	2,333	40,110	\$ 4.17	16.7%	\$ 0.70	\$ 0.71	\$ 0.50	\$ 27,932
Washington	7,277	14	625	8,316	16,204	\$ 8.95	16.7%	\$ 1.49	\$ 2.54	\$ 0.50	\$ 24,219
Wyoming	1,162	1	45	76	1,282	\$ 9.20	16.7%	\$ 1.54	\$ 1.60	\$ 0.50	\$ 1,970
	577,850	779	53,226	116,590	746,887						\$ 810,412

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	207,695	205,621	277	158	206,056	1.007952	0.167000	0.168328	0.018703
Colorado	210,793	207,127	410	285	207,822	1.014295	0.167000	0.169387	0.018821
Idaho (Boise & Spokane LATA)	57,923	54,659	616	184	55,459	1.044435	0.167000	0.174421	0.019380
Montana	31,574	31,130	56	33	31,219	1.011357	0.167000	0.168897	0.018766
New Mexico	76,624	74,328	474	115	74,917	1.022784	0.167000	0.170805	0.018978
Utah	91,931	73,034	653	1,896	75,583	1.216285	0.167000	0.203120	0.022569
Wyoming	33,465	32,676	174	43	32,893	1.017393	0.167000	0.169905	0.018878
Iowa	100,620	99,347	306	49	99,702	1.009210	0.167000	0.168538	0.018726
Minnesota	118,930	97,870	2,175	1,789	101,834	1.167882	0.167000	0.195036	0.021671
Nebraska	38,087	29,481	884	724	31,089	1.225078	0.167000	0.204588	0.022732
North Dakota	13,266	12,418	163	54	12,635	1.049904	0.167000	0.175334	0.019482
South Dakota	27,696	14,725	1,122	1,193	17,040	1.625342	0.167000	0.271432	0.030159
Oregon	84,946	81,968	478	186	82,632	1.028000	0.167000	0.171676	0.019075
Washington	180,464	157,280	1,329	2,134	160,743	1.122687	0.167000	0.187489	0.020832

Note 1: Lines are from November 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