

**CenturyLink Operating Companies**

**Transmittal No. 90**

***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 2nd quarter 2017 to 17.4% consistent with the requirements of the Commission's USF Order.<sup>1</sup>

**Universal Service Fund Contribution Factor - Second Quarter 2017**

For all companies, excluding those in CLOC Tariff F.C.C. No. 9 and 11, a surcharge equal to the second quarter 2017 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.

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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 17-245) released March 13, 2017.)

## **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 2017 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 second quarter 2017 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 2017 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 second quarter 2017 contribution factor to the sum of the charges representing the interstate

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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*).

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 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*,<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 second quarter 2017 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 second quarter 2017 USF Factor to

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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

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 - 3/17/17 Federal USF End User Surcharge Rates**  
**( 2nd Qtr 2017 USF Contribution Factor 17.4% - DA 17-245 )**  
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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	ISDN BRI	Single Line	Multi-Line Business *					
	Primary	Non-Primary	ISDN BRI	Business	ISDN-PRI & Centrex	2nd Qtr 2017	Primary	Non-Primary	ISDN BRI	Business	Payphone	& ISDN-PRI	Centrex *			
	TL #84	TL #84	TL #84	TL #84	TL #84	USF Contribution	TL #90	TL #90	TL #90	TL #90	TL #90	TL #90	TL #90			
	<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>4/1/2017</u>	<u>4/1/2017</u>	<u>4/1/2017</u>	<u>4/1/2017</u>	<u>4/1/2017</u>	<u>4/1/2017</u>	<u>4/1/2017</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	17.4%	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.20	\$ 1.37	\$ 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	\$ 1.68	\$ 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	\$ 1.92	\$ 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	\$ 2.69	\$ 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 - 3/17/17 Federal USF End User Surcharge Rates**  
**( 2nd Qtr 2017 USF Contribution Factor 17.4% - DA 17-245 )**  
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**Exhibit 1**  
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	February 2017 Access Lines				Total Multi-Line Bus & ISDN PRI & Centrex Lines (E)=A-B+C+D	Multi-Line Bus, ISDN-PRI & Centrex SLC Rate TL #84 7/1/2016 (F)	Proposed 2nd Qtr 2017 USF Contribution Factor (G)	Initial USF Charge Calculation (H)=F*G	Proposed 4/1/2017 * MultiLine Business & ISDN-PRI USF Charge I=if((E*H-D*0.50)/(A-B+C)< \$0.50,H,(E*H-D*0.50)/(A-B+C))	Proposed 4/1/2017 * 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	139,537	155	13,251	37,036	189,669	\$ 6.92	17.4%	\$ 1.20	\$ 1.37	\$ 0.50	\$ 228,377	\$ 228,377
Indiana#	18,099	27	1,695	1,459	21,226	\$ 9.20	17.4%	\$ 1.60	\$ 1.68	\$ 0.50	\$ 33,979	\$ 33,979
Kansas	9,325	3	471	104	9,897	\$ 9.20	17.4%	\$ 1.60	\$ 1.61	\$ 0.50	\$ 15,843	\$ 15,843
Minnesota	13,162	7	1,501	999	15,655	\$ 9.20	17.4%	\$ 1.60	\$ 1.68	\$ 0.50	\$ 25,061	\$ 25,061
Missouri#	21,197	18	2,066	6,751	29,996	\$ 9.20	17.4%	\$ 1.60	\$ 1.92	\$ 0.50	\$ 48,018	\$ 48,018
Nebraska	1,695	2	110	345	2,148	\$ 3.77	17.4%	\$ 0.66	\$ 0.69	\$ 0.50	\$ 1,409	\$ 1,409
Nevada	63,223	273	7,265	18,898	89,113	\$ 3.80	17.4%	\$ 0.66	\$ 0.70	\$ 0.50	\$ 58,922	\$ 58,922
New Jersey	20,299	43	775	1,469	22,500	\$ 7.38	17.4%	\$ 1.28	\$ 1.34	\$ 0.50	\$ 28,893	\$ 28,893
North Carolina	105,429	69	9,144	23,183	137,687	\$ 5.63	17.4%	\$ 0.98	\$ 1.08	\$ 0.50	\$ 134,881	\$ 134,881
Ohio	35,806	39	4,200	4,166	44,133	\$ 6.22	17.4%	\$ 1.08	\$ 1.14	\$ 0.50	\$ 47,764	\$ 47,764
Oregon	6,375	13	455	316	7,133	\$ 9.20	17.4%	\$ 1.60	\$ 1.65	\$ 0.50	\$ 11,419	\$ 11,419
Pennsylvania	26,799	32	2,580	2,290	31,637	\$ 7.53	17.4%	\$ 1.31	\$ 1.37	\$ 0.50	\$ 41,451	\$ 41,451
South Carolina	8,257	2	720	592	9,567	\$ 5.37	17.4%	\$ 0.93	\$ 0.96	\$ 0.50	\$ 8,939	\$ 8,939
Tennessee	12,988	13	2,317	4,356	19,648	\$ 4.88	17.4%	\$ 0.85	\$ 0.95	\$ 0.50	\$ 16,684	\$ 16,684
Texas	37,598	14	2,593	1,292	41,469	\$ 9.20	17.4%	\$ 1.60	\$ 1.64	\$ 0.50	\$ 66,384	\$ 66,384
Virginia	34,319	22	2,646	2,289	39,232	\$ 4.17	17.4%	\$ 0.73	\$ 0.74	\$ 0.50	\$ 28,466	\$ 28,466
Washington	7,179	13	615	8,336	16,117	\$ 8.95	17.4%	\$ 1.56	\$ 2.69	\$ 0.50	\$ 25,099	\$ 25,099
Wyoming	1,153	1	45	76	1,273	\$ 9.20	17.4%	\$ 1.60	\$ 1.67	\$ 0.50	\$ 2,038	\$ 2,038
	562,440	746	52,449	113,957	728,100						\$ 823,624	\$ 823,624

**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	201,778	199,873	244	146	200,263	1.007567	0.174000	0.175317	0.019480
Colorado	205,610	201,987	407	281	202,675	1.014480	0.174000	0.176520	0.019613
Idaho (Boise & Spokane LATA)	56,565	53,314	615	182	54,111	1.045358	0.174000	0.181892	0.020210
Montana	30,703	30,288	50	33	30,371	1.010943	0.174000	0.175904	0.019545
New Mexico	74,503	72,276	454	112	72,842	1.022806	0.174000	0.177968	0.019774
Utah	89,648	71,272	631	1,845	73,748	1.215595	0.174000	0.211514	0.023502
Wyoming	32,887	32,111	170	42	32,323	1.017459	0.174000	0.177038	0.019671
Iowa	98,319	97,035	306	53	97,394	1.009502	0.174000	0.175653	0.019517
Minnesota	113,895	95,315	2,168	1,517	99,000	1.150455	0.174000	0.200179	0.022242
Nebraska	37,076	28,663	882	706	30,251	1.225617	0.174000	0.213257	0.023695
North Dakota	12,990	12,160	162	53	12,375	1.049688	0.174000	0.182646	0.020294
South Dakota	27,214	14,836	828	1,166	16,830	1.616951	0.174000	0.281349	0.031261
Oregon	83,027	80,084	477	184	80,745	1.028259	0.174000	0.178917	0.019880
Washington	176,755	153,730	1,303	2,132	157,165	1.124649	0.174000	0.195689	0.021743

Note 1: Lines are from February 2017

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

Note 3: MLB Lines do not include Payphone Lines