

## **CenturyLink Operating Companies**

### **Transmittal No. 98**

#### ***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 made on at least 16 days' notice as required by Section 61.58 (2) (ii) of the Code of Federal Regulations Part 47 and includes tariff changes consistent with the requirements of Sections 61.41 through 61.49 of the FCC's Rules. This filing adjusts CenturyLink's federal universal service fund (USF) contribution factor for 1st quarter 2018 to 19.5% consistent with the requirements of the Commission's USF Order.<sup>1</sup>

#### **Universal Service Fund Contribution Factor - First Quarter 2018**

For all companies, excluding those in CLOC Tariff F.C.C. No. 9 and 11, a surcharge equal to the first quarter 2018 USF contribution factor of 0.195 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 17-1203) released December 14, 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 first quarter 2018 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 2018 USF contribution factor of 0.195 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 2018 contribution factor of 0.195 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 0.195 first quarter 2018 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 0.195 first quarter 2018 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 2018 USF contribution factor of 0.195 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 first quarter 2018 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 - 12/15/17 Federal USF End User Surcharge Rates**  
( 1st Qtr 2018 USF Contribution Factor 19.5% - DA 17-1203 )  
Transmittal No. 98

**Exhibit 1**  
**Page 1 of 3**

	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		Business	ISDN-PRI & Centrex	1st Qtr 2018		Primary	Non-Primary		Business	& ISDN-PRI		Centrex *		
	TL #95	TL #95	ISDN BRI	TL #95	TL #95	USF Contribution		TL #98	TL #98	TL #98	TL #98	TL #98	TL #98	TL #98		
	10/1/2017	10/1/2017	10/1/2017	10/1/2017	10/1/2017	Factor		1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018		
	(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	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.97	19.5%	\$ 1.21	\$ 1.21	\$ 1.21	\$ 1.21	\$ 1.21	\$ 1.36	\$ 1.56	\$ 0.50		
Indiana#	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 9.20	19.5%	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.79	\$ 1.88	\$ 0.50		
Kansas	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	19.5%	\$ 1.27	\$ 1.37	\$ 1.37	\$ 1.27	\$ 1.79	\$ 1.80	\$ 0.50			
Minnesota	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 9.20	19.5%	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.79	\$ 1.88	\$ 0.50			
Missouri#	\$ 6.50	\$ 6.51	\$ 6.51	\$ 6.50	\$ 9.20	19.5%	\$ 1.27	\$ 1.27	\$ 1.27	\$ 1.27	\$ 1.79	\$ 2.16	\$ 0.50			
Nebraska	\$ 2.80	\$ 2.80	\$ 2.80	\$ 2.80	\$ 3.87	19.5%	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.75	\$ 0.80	\$ 0.50			
Nevada	\$ 3.63	\$ 3.63	\$ 3.63	\$ 3.63	\$ 3.84	19.5%	\$ 0.71	\$ 0.71	\$ 0.71	\$ 0.71	\$ 0.75	\$ 0.82	\$ 0.50			
New Jersey	\$ 5.36	\$ 5.36	\$ 5.36	\$ 5.36	\$ 7.44	19.5%	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.45	\$ 1.52	\$ 0.50			
North Carolina	\$ 5.47	\$ 5.47	\$ 5.47	\$ 5.47	\$ 5.67	19.5%	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.11	\$ 1.22	\$ 0.50			
Ohio	\$ 5.35	\$ 5.35	\$ 5.35	\$ 5.35	\$ 6.25	19.5%	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.22	\$ 1.29	\$ 0.50			
Oregon	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.02	\$ 9.20	19.5%	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.79	\$ 1.85	\$ 0.50			
Pennsylvania	\$ 4.37	\$ 4.37	\$ 4.37	\$ 4.37	\$ 7.55	19.5%	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 1.47	\$ 1.55	\$ 0.50			
South Carolina	\$ 5.26	\$ 5.26	\$ 5.26	\$ 5.26	\$ 5.41	19.5%	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.03	\$ 1.05	\$ 1.09	\$ 0.50			
Tennessee	\$ 4.77	\$ 4.77	\$ 4.77	\$ 4.77	\$ 4.94	19.5%	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.96	\$ 1.09	\$ 0.50			
Texas	\$ 6.26	\$ 6.26	\$ 6.26	\$ 6.26	\$ 9.20	19.5%	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.79	\$ 1.83	\$ 0.50			
Virginia	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.23	19.5%	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.82	\$ 0.84	\$ 0.50			
Washington	\$ 6.12	\$ 6.12	\$ 6.12	\$ 6.12	\$ 8.90	19.5%	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.74	\$ 3.14	\$ 0.50			
Wyoming	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	19.5%	\$ 1.27	\$ 1.37	\$ 1.37	\$ 1.27	\$ 1.79	\$ 1.88	\$ 0.50			

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

**CenturyLink FCC #9 - 12/15/17 Federal USF End User Surcharge Rates**  
( 1st Qtr 2018 USF Contribution Factor 19.5% - DA 17-1203 )  
Transmittal No. 98

**Exhibit 1**  
**Page 2 of 3**

November 2017Access Lines					Multi-Line Bus, ISDN-PRI & Centrex SLC Rate		Proposed 1st Qtr 2018 USF Contribution	Initial USF Charge	Proposed 1/1/2018 * MultiLine Business & ISDN-PRI USF Charge	Proposed 1/1/2018 * 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 #95 10/1/2017 (F)		Factor (G)	Calculation (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	129,600	122	12,618	33,951	176,047	\$	6.97	19.5%	\$ 1.36	\$ 1.56	\$ 0.50	\$ 239,274	\$ 239,274
Indiana#	16,921	24	1,580	1,265	19,742	\$	9.20	19.5%	\$ 1.79	\$ 1.88	\$ 0.50	\$ 35,417	\$ 35,417
Kansas	8,629	3	466	69	9,161	\$	9.20	19.5%	\$ 1.79	\$ 1.80	\$ 0.50	\$ 16,435	\$ 16,435
Minnesota	12,351	3	1,411	903	14,662	\$	9.20	19.5%	\$ 1.79	\$ 1.88	\$ 0.50	\$ 26,304	\$ 26,304
Missouri#	19,809	17	1,916	6,185	27,893	\$	9.20	19.5%	\$ 1.79	\$ 2.16	\$ 0.50	\$ 50,040	\$ 50,040
Nebraska	1,608	2	110	319	2,035	\$	3.87	19.5%	\$ 0.75	\$ 0.80	\$ 0.50	\$ 1,536	\$ 1,536
Nevada	58,558	193	6,805	18,077	83,247	\$	3.84	19.5%	\$ 0.75	\$ 0.82	\$ 0.50	\$ 62,335	\$ 62,335
New Jersey	18,679	30	730	1,414	20,793	\$	7.44	19.5%	\$ 1.45	\$ 1.52	\$ 0.50	\$ 30,166	\$ 30,166
North Carolina	96,853	53	8,413	20,683	125,896	\$	5.67	19.5%	\$ 1.11	\$ 1.22	\$ 0.50	\$ 139,197	\$ 139,197
Ohio	32,274	34	3,890	3,709	39,839	\$	6.25	19.5%	\$ 1.22	\$ 1.29	\$ 0.50	\$ 48,554	\$ 48,554
Oregon	5,917	11	450	274	6,630	\$	9.20	19.5%	\$ 1.79	\$ 1.85	\$ 0.50	\$ 11,894	\$ 11,894
Pennsylvania	24,930	27	2,345	2,204	29,452	\$	7.55	19.5%	\$ 1.47	\$ 1.55	\$ 0.50	\$ 43,361	\$ 43,361
South Carolina	7,724	2	660	505	8,887	\$	5.41	19.5%	\$ 1.05	\$ 1.09	\$ 0.50	\$ 9,375	\$ 9,375
Tennessee	11,904	12	2,226	3,864	17,982	\$	4.94	19.5%	\$ 0.96	\$ 1.09	\$ 0.50	\$ 17,322	\$ 17,322
Texas	34,999	10	2,426	1,149	38,564	\$	9.20	19.5%	\$ 1.79	\$ 1.83	\$ 0.50	\$ 69,184	\$ 69,184
Virginia	32,205	19	2,546	2,029	36,761	\$	4.23	19.5%	\$ 0.82	\$ 0.84	\$ 0.50	\$ 30,322	\$ 30,322
Washington	6,796	9	580	8,352	15,719	\$	8.90	19.5%	\$ 1.74	\$ 3.14	\$ 0.50	\$ 27,280	\$ 27,280
Wyoming	1,118	-	45	76	1,239	\$	9.20	19.5%	\$ 1.79	\$ 1.88	\$ 0.50	\$ 2,223	\$ 2,223
	520,875	571	49,217	105,028	674,549						\$	\$ 860,220	\$ 860,220

**Federal Universal Service Fund Charge Factor Development**  
**NO PAYPHONE LINES INCLUDED IN MLB QUANTITY COUNTS**

State	MLB Line CALC Quantities Subject to FCC End User Charges Col. 1	MLB Line CALC Quantities Excluding Centrex Col. 2	Centrex Line CALC Quantities Col. 3	Adj Centrex Quantities Col. 4 = Col 3/"9"	Total Adjusted Quantities Col. 5 = (Cols. 2+4)	MLB Lines to Adjusted 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	193,743	192,066	1,677	186	192,252	1.007754	0.195000	0.196512	0.021835
Colorado	203,126	199,514	3,612	401	199,915	1.016060	0.195000	0.198132	0.022015
Idaho	53,646	50,490	3,156	351	50,841	1.055179	0.195000	0.205760	0.022862
Montana	28,896	28,486	410	46	28,532	1.012773	0.195000	0.197491	0.021943
New Mexico	70,265	68,890	1,375	153	69,043	1.017702	0.195000	0.198452	0.022050
Utah	83,471	69,868	13,603	1,511	71,379	1.169398	0.195000	0.228033	0.025337
Wyoming	31,587	30,815	772	86	30,901	1.022207	0.195000	0.199330	0.022148
Iowa	94,270	92,933	1,337	149	93,082	1.012768	0.195000	0.197490	0.021943
Minnesota	110,954	96,759	14,195	1,577	98,336	1.128313	0.195000	0.220021	0.024447
Nebraska	37,183	29,418	7,765	863	30,281	1.227941	0.195000	0.239448	0.026605
North Dakota	13,077	12,197	880	98	12,295	1.063622	0.195000	0.207406	0.023045
South Dakota	25,699	14,552	11,147	1,239	15,791	1.627492	0.195000	0.317361	0.035262
Oregon	77,243	74,430	2,813	313	74,743	1.033454	0.195000	0.201524	0.022392
Washington	170,568	148,606	21,962	2,440	151,046	1.129244	0.195000	0.220203	0.024467

Note 1: MLB CALC quantities billed in August 2017

Note 2: Lines in columns 3 - 5 are determined pursuant to 47 CFR 69.153 and 69.158

Note 3: MLB CALC quantities do not include Payphone Lines