

CenturyLink Operating Companies

Transmittal No. 99

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 2nd quarter 2018 to 18.4% consistent with the requirements of the Commission's USF Order.¹

Universal Service Fund Contribution Factor - Second Quarter 2018

For all companies, excluding those in CLOC Tariff F.C.C. No. 9 and 11, a surcharge equal to the second quarter 2018 USF contribution factor of 0.184 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.

¹ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Public Notice (DA 18-234) released March 9, 2018.)

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 2018 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 second quarter 2018 USF contribution factor of 0.184 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 2018 contribution factor of 0.184 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 0.184

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*).

second quarter 2018 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 0.184 second 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*,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 second quarter 2018 USF contribution factor of 0.184 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.

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*).

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 2018 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 - 3/16/18 Federal USF End User Surcharge Rates
(2nd Qtr 2018 USF Contribution Factor 18.4% - DA 18-234)
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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	2nd Qtr 2018		Primary	Non-Primary	ISDN BRI	Business	Payphone	& ISDN-PRI	Centrex *
	TL #95	TL #95	TL #95	TL #95	TL #95			TL #99	TL #99	TL #99	TL #99	TL #99	TL #99	TL #99
	10/1/2017	10/1/2017	10/1/2017	10/1/2017	10/1/2017	USF Contribution	Factor	4/1/2018	4/1/2018	4/1/2018	4/1/2018	4/1/2018	4/1/2018	4/1/2018
	(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	18.4%	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.28	\$ 1.47	\$ 0.50	
Indiana#	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 9.20	18.4%	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.69	\$ 1.77	\$ 0.50	
Kansas	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	18.4%	\$ 1.20	\$ 1.29	\$ 1.29	\$ 1.20	\$ 1.69	\$ 1.70	\$ 0.50	
Minnesota	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 9.20	18.4%	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.69	\$ 1.77	\$ 0.50	
Missouri#	\$ 6.50	\$ 6.51	\$ 6.51	\$ 6.50	\$ 9.20	18.4%	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.69	\$ 2.03	\$ 0.50	
Nebraska	\$ 2.80	\$ 2.80	\$ 2.80	\$ 2.80	\$ 3.87	18.4%	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.71	\$ 0.75	\$ 0.50	
Nevada	\$ 3.63	\$ 3.63	\$ 3.63	\$ 3.63	\$ 3.84	18.4%	\$ 0.67	\$ 0.67	\$ 0.67	\$ 0.67	\$ 0.71	\$ 0.76	\$ 0.50	
New Jersey	\$ 5.36	\$ 5.36	\$ 5.36	\$ 5.36	\$ 7.44	18.4%	\$ 0.99	\$ 0.99	\$ 0.99	\$ 0.99	\$ 1.37	\$ 1.43	\$ 0.50	
North Carolina	\$ 5.47	\$ 5.47	\$ 5.47	\$ 5.47	\$ 5.67	18.4%	\$ 1.01	\$ 1.01	\$ 1.01	\$ 1.01	\$ 1.04	\$ 1.15	\$ 0.50	
Ohio	\$ 5.35	\$ 5.35	\$ 5.35	\$ 5.35	\$ 6.25	18.4%	\$ 0.98	\$ 0.98	\$ 0.98	\$ 0.98	\$ 1.15	\$ 1.22	\$ 0.50	
Oregon	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.02	\$ 9.20	18.4%	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.69	\$ 1.74	\$ 0.50	
Pennsylvania	\$ 4.37	\$ 4.37	\$ 4.37	\$ 4.37	\$ 7.55	18.4%	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 1.39	\$ 1.46	\$ 0.50	
South Carolina	\$ 5.26	\$ 5.26	\$ 5.26	\$ 5.26	\$ 5.41	18.4%	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 1.00	\$ 1.03	\$ 0.50	
Tennessee	\$ 4.77	\$ 4.77	\$ 4.77	\$ 4.77	\$ 4.94	18.4%	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.91	\$ 1.02	\$ 0.50	
Texas	\$ 6.26	\$ 6.26	\$ 6.26	\$ 6.26	\$ 9.20	18.4%	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.69	\$ 1.73	\$ 0.50	
Virginia	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.23	18.4%	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.78	\$ 0.79	\$ 0.50	
Washington	\$ 6.12	\$ 6.12	\$ 6.12	\$ 6.12	\$ 8.90	18.4%	\$ 1.13	\$ 1.13	\$ 1.13	\$ 1.13	\$ 1.64	\$ 2.95	\$ 0.50	
Wyoming	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	18.4%	\$ 1.20	\$ 1.29	\$ 1.29	\$ 1.20	\$ 1.69	\$ 1.77	\$ 0.50	

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

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CenturyLink FCC #9 - 3/16/18 Federal USF End User Surcharge Rates
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MultiLine Business (A)	February 2018 Access Lines				Total Multi-Line Bus & ISDN PRI & Centrex Lines (E)=A-B+C+D	Multi-Line Bus, ISDN-PRI & Centrex SLC Rate TL #95 10/1/2017 (F)	Proposed 2nd Qtr 2018 USF Contribution Factor (G)	Initial USF Charge Calculation (H)=F*G	Proposed 4/1/2018 * 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 4/1/2018 * 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
	Payphone (B)	ISDN PRI (5 Times) (C)	Centrex (D)									
Florida	126,297	116	12,361	33,553	172,095	\$ 6.97	18.4%	\$ 1.28	\$ 1.47	\$ 0.50	\$ 220,708	\$ 220,708
Indiana#	16,471	23	1,540	1,237	19,225	\$ 9.20	18.4%	\$ 1.69	\$ 1.77	\$ 0.50	\$ 32,544	\$ 32,544
Kansas	8,341	3	451	68	8,857	\$ 9.20	18.4%	\$ 1.69	\$ 1.70	\$ 0.50	\$ 14,993	\$ 14,993
Minnesota	12,074	3	1,396	874	14,341	\$ 9.20	18.4%	\$ 1.69	\$ 1.77	\$ 0.50	\$ 24,276	\$ 24,276
Missouri#	19,250	17	1,916	6,007	27,156	\$ 9.20	18.4%	\$ 1.69	\$ 2.03	\$ 0.50	\$ 45,970	\$ 45,970
Nebraska	1,572	2	90	317	1,977	\$ 3.87	18.4%	\$ 0.71	\$ 0.75	\$ 0.50	\$ 1,408	\$ 1,408
Nevada	57,225	188	6,720	18,002	81,759	\$ 3.84	18.4%	\$ 0.71	\$ 0.76	\$ 0.50	\$ 57,768	\$ 57,768
New Jersey	18,189	28	715	1,396	20,272	\$ 7.44	18.4%	\$ 1.37	\$ 1.43	\$ 0.50	\$ 27,752	\$ 27,752
North Carolina	94,285	50	8,238	20,037	122,510	\$ 5.67	18.4%	\$ 1.04	\$ 1.15	\$ 0.50	\$ 127,812	\$ 127,812
Ohio	31,366	31	3,820	3,592	38,747	\$ 6.25	18.4%	\$ 1.15	\$ 1.22	\$ 0.50	\$ 44,559	\$ 44,559
Oregon	5,797	11	445	271	6,502	\$ 9.20	18.4%	\$ 1.69	\$ 1.74	\$ 0.50	\$ 11,007	\$ 11,007
Pennsylvania	24,344	25	2,295	2,175	28,789	\$ 7.55	18.4%	\$ 1.39	\$ 1.46	\$ 0.50	\$ 39,994	\$ 39,994
South Carolina	7,532	2	620	499	8,649	\$ 5.41	18.4%	\$ 1.00	\$ 1.03	\$ 0.50	\$ 8,610	\$ 8,610
Tennessee	11,545	12	2,231	3,726	17,490	\$ 4.94	18.4%	\$ 0.91	\$ 1.02	\$ 0.50	\$ 15,898	\$ 15,898
Texas	33,631	10	2,396	1,125	37,142	\$ 9.20	18.4%	\$ 1.69	\$ 1.73	\$ 0.50	\$ 62,874	\$ 62,874
Virginia	31,486	19	2,506	1,999	35,972	\$ 4.23	18.4%	\$ 0.78	\$ 0.79	\$ 0.50	\$ 27,998	\$ 27,998
Washington	6,683	8	585	8,369	15,629	\$ 8.90	18.4%	\$ 1.64	\$ 2.95	\$ 0.50	\$ 25,594	\$ 25,594
Wyoming	1,091	-	45	76	1,212	\$ 9.20	18.4%	\$ 1.69	\$ 1.77	\$ 0.50	\$ 2,052	\$ 2,052
	507,179	548	48,370	103,323	658,324						\$ 791,815	\$ 791,815

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	188,094	186,467	1,627	181	186,648	1.007748	0.184000	0.185426	0.020603
Colorado	197,547	194,001	3,546	394	194,395	1.016214	0.184000	0.186983	0.020776
Idaho	52,122	49,050	3,072	341	49,391	1.055286	0.184000	0.194173	0.021575
Montana	28,014	27,620	394	44	27,664	1.012660	0.184000	0.186329	0.020703
New Mexico	68,375	67,009	1,366	152	67,161	1.018079	0.184000	0.187327	0.020814
Utah	81,210	68,103	13,107	1,456	69,559	1.167493	0.184000	0.214819	0.023869
Wyoming	31,016	30,230	786	87	30,317	1.023045	0.184000	0.188240	0.020916
Iowa	92,081	90,744	1,337	149	90,893	1.013075	0.184000	0.186406	0.020712
Minnesota	108,669	94,673	13,996	1,555	96,228	1.129285	0.184000	0.207789	0.023088
Nebraska	36,427	28,797	7,630	848	29,645	1.228783	0.184000	0.226096	0.025122
North Dakota	12,819	11,938	881	98	12,036	1.065065	0.184000	0.195972	0.021775
South Dakota	25,090	14,408	10,682	1,187	15,595	1.608860	0.184000	0.296030	0.032892
Oregon	75,452	72,688	2,764	307	72,995	1.033658	0.184000	0.190193	0.021133
Washington	167,106	145,568	21,538	2,393	147,961	1.129391	0.184000	0.207808	0.023090

Note 1: MLB CALC quantities billed in February 2018

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