

## **CenturyLink Operating Companies**

### **Transmittal No. 126**

#### ***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, 6, 8, 9 and 11.

This filing is being filed on at least 16 days' notice as required by Section 61.58 (2) (ii) of the Code of Federal regulations Part 47. This filing adjusts CenturyLink's federal universal service fund (USF) contribution factor for 1st quarter 2023 to 32.6% consistent with the requirements of the Commission's USF Order.<sup>1</sup>

#### **Universal Service Fund Contribution Factor - First Quarter 2023**

For all companies, excluding those in CLOC Tariff F.C.C. No. 9 and 11, a surcharge equal to the first quarter 2023 USF contribution factor of 0.326 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 22-1286) released December 9, 2022.)

## **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 2023 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 2023 USF contribution factor of 0.326 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 2023 contribution factor of 0.326 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 0.326 first quarter 2023 contribution factor to the sum of the charges representing the interstate portion of the

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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*).

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 0.326 first quarter 2023 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 2023 USF contribution factor of 0.326 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.

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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 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 1, page 3, “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 2023 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.

### **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 - 12/16/22 Federal USF End User Surcharge Rates  
(1Q 2023 USF Contribution Factor 32.6% - DA 22-1286)  
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Subscriber Line Charge - SLC Rates							Federal End User USF Surcharge						
Residential Primary TL #124 1/1/2023 (A)	Residential Non-Primary TL #124 1/1/2023 (B)	ISDN BRI TL #124 1/1/2023 (C)	Single Line Business TL #124 1/1/2023 (D)	Multi-Line Business & ISDN-PRI & Centrex TL #124 1/1/2023 (E)	Proposed 1/1/2023 USF Contribution Factor (F)	Residential Primary TL #126 1/1/2023 (G)=A*F	Residential Non-Primary TL #126 1/1/2023 (H)=B*F	ISDN BRI TL #126 1/1/2023 (I)=C*F	Single Line Business TL #126 1/1/2023 (J)=D*F	Payphone TL #126 1/1/2023 (K)=E*F	Multi-Line Business * & ISDN-PRI TL #126 1/1/2023 (L)=Col H Page 2	Centrex * TL #126 1/1/2023 (L)=Col I Page 2	
Florida	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	32.6%	\$ 2.12	\$ 2.28	\$ 2.28	\$ 2.12	\$ 3.00	\$ 3.69	\$ 0.50
Minnesota	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	32.6%	\$ 2.12	\$ 2.28	\$ 2.28	\$ 2.12	\$ 3.00	\$ 3.14	\$ 0.50
Nebraska	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	32.6%	\$ 2.12	\$ 2.28	\$ 2.28	\$ 2.12	\$ 3.00	\$ 3.38	\$ 0.50
Nevada	\$ 4.74	\$ 4.74	\$ 4.74	\$ 4.74	\$ 5.77	32.6%	\$ 1.55	\$ 1.55	\$ 1.55	\$ 1.55	\$ 1.88	\$ 2.37	\$ 0.50
Oregon	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	32.6%	\$ 2.12	\$ 2.28	\$ 2.28	\$ 2.12	\$ 3.00	\$ 3.11	\$ 0.50
Washington	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	32.6%	\$ 2.12	\$ 2.28	\$ 2.28	\$ 2.12	\$ 3.00	\$ 7.37	\$ 0.50
Wyoming	\$ 6.50	\$ 7.00	\$ 7.00	\$ 6.50	\$ 9.20	32.6%	\$ 2.12	\$ 2.28	\$ 2.28	\$ 2.12	\$ 3.00	\$ 3.23	\$ 0.50

\* - Rates are developed on Exhibit 1 Page 2 of 3.

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CenturyLink FCC #9 - 12/16/22 Federal USF End User Surcharge Rates  
(1Q 2023 USF Contribution Factor 32.6% - DA 22-1286)  
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Nov, 2022 Access Lines					Multi-Line Bus, ISDN-PRI & Centrex SLC Rate		Proposed 1/1/2023 USF Contribution	Initial USF Charge Calculation	Proposed 1/1/23* MultiLine Business & ISDN-PRI USF Charge	Proposed 1/1/23* 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 #124 01/01/2023 (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	69,525	1	7,710	21,210	98,444	\$	9.20	32.6%	\$ 3.00	\$ 3.69	\$ 0.50	\$ 295,253	\$ 295,253
Minnesota	7,585	-	635	459	8,679	\$	9.20	32.6%	\$ 3.00	\$ 3.14	\$ 0.50	\$ 26,030	\$ 26,030
Nebraska	933	-	70	153	1,156	\$	9.20	32.6%	\$ 3.00	\$ 3.38	\$ 0.50	\$ 3,467	\$ 3,467
Nevada	34,514	-	4,485	13,859	52,858	\$	5.77	32.6%	\$ 1.88	\$ 2.37	\$ 0.50	\$ 99,427	\$ 99,427
Oregon	3,856	-	360	179	4,395	\$	9.20	32.6%	\$ 3.00	\$ 3.11	\$ 0.50	\$ 13,181	\$ 13,181
Washington	4,635	-	405	8,822	13,862	\$	9.20	32.6%	\$ 3.00	\$ 7.37	\$ 0.50	\$ 41,575	\$ 41,575
Wyoming	629	-	25	61	715	\$	9.20	32.6%	\$ 3.00	\$ 3.23	\$ 0.50	\$ 2,144	\$ 2,144
	121,677	1	13,690	44,743	180,109							\$ 481,078	\$ 481,078

**CenturyLink FCC #11 - 12/16/22 Federal USF End User Surcharge Rates  
(1Q 2023 USF Contribution Factor 32.6% - DA 22-1286)  
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**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	99,170	98,343	827	92	98,435	1.007468	0.326000	0.328435	0.036493
Colorado	111,530	108,632	2,898	322	108,954	1.023643	0.326000	0.333708	0.037079
Idaho	26,661	24,589	2,072	230	24,819	1.074208	0.326000	0.350192	0.038910
Montana	15,701	15,515	186	21	15,536	1.010642	0.326000	0.329469	0.036608
New Mexico	38,642	37,731	911	101	37,832	1.021404	0.326000	0.332978	0.036998
Utah	43,060	34,676	8,384	932	35,608	1.209294	0.326000	0.394230	0.043803
Wyoming	17,689	17,308	381	42	17,350	1.019519	0.326000	0.332363	0.036929
Iowa	45,589	44,855	734	82	44,937	1.014519	0.326000	0.330733	0.036748
Minnesota	61,495	50,700	10,795	1,199	51,899	1.184887	0.326000	0.386273	0.042919
Nebraska	16,981	13,625	3,356	373	13,998	1.213112	0.326000	0.395474	0.043942
North Dakota	6,321	5,884	437	49	5,933	1.065477	0.326000	0.347345	0.038594
South Dakota	11,986	6,764	5,222	580	7,344	1.632031	0.326000	0.532042	0.059116
Oregon	41,461	39,996	1,465	163	40,159	1.032427	0.326000	0.336571	0.037397
Washington	101,230	81,763	19,467	2,163	83,926	1.206182	0.326000	0.393215	0.043691

Note 1: MLB CALC quantities billed in November 2022

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