

Qwest Corporation d/b/a CenturyLink QC Description of Methodology

The following narrative describes the methodology and supporting calculations utilized by CenturyLink to implement the process of reducing terminating switched end office rates by one-third of the differential between end office rates and \$0.0007 as required by 47 C.F.R. §51.907(d) which addresses changes beginning July 2014. CenturyLink's supporting calculations utilize the "Access Reduction Spreadsheet" template released by the Federal Communications Commission ("FCC") on April 14, 2014, for calculating the July 1, 2014 intrastate access rate changes.

The FCC spreadsheet template also provides the methodology for calculating the rate changes and identifies in detail the intrastate access rates that are required to be changed consistent with the rules. Step 3 of the USF ICC Transformation Order adjusts Interstate Terminating End Office Access rates down by one-third of the difference between the baseline composite rate and the target composite rate of \$0.0007. The terminating interstate rates will then be mirrored on the intrastate side so that rates will remain in parity.

Section 51.907(d) of the FCC Rules requires the Access Reduction Spreadsheet to be modified to reflect rate reductions for July 1, 2014. For Price Cap carriers that file interstate tariffs assessing a single rate applicable in different states, the interstate demand used shall be the sum of the demand for all of the states included in the tariff, rather than making separate state-by-state calculations. For companies with a single rate in multiple states, the below calculations are done at the regional level and the regional rates are mirrored in each study area¹. For individual study areas, the below calculations are done at the study area level. An overview of the calculations necessary for reducing terminating end office access rates is as follows:

1. Establish the 2011 Baseline Composite Terminating End Office Access Rates, which reflects interstate rates and demand. (FCC Worksheet Cell J4)
2. Calculate the 2014 Target Composite Terminating End Office Access Rate by reducing the 2011 Baseline Composite Terminating End Office Access Rate by one-third of the difference between the 2011 Baseline Composite terminating End Office Access Rate and \$0.0007. (FCC Worksheet J5)
3. Adjust Interstate terminating End Office Access rates down to where the interstate Composite Terminating End Office access rate is at or below the Target composite Terminating End Office Access rate. (FCC Worksheet Cell J6)
4. Set Intrastate terminating End Office Access rates equal to their functionally equivalent interstate rates.
5. Prepare intrastate and interstate tariff filing documents as required by each tariff jurisdiction.

The FCC's Order also directed that the End Office Dedicated Trunk port charges be split between originating and terminating and that only the terminating portion of the charge be phased down with the transition to bill & keep. CenturyLink has reflected this split in the FCC ICC "Access Reduction Spreadsheet" along with adding a footnote on our tariff page explaining the 50/50 methodology that CenturyLink used to split the rate. We have also shown the frozen Originating portion of the rate that can be subtracted from the blended rate to derive the resulting terminating portion of the charge.

¹ See footnote No. 27 in clarification order: Connect America Fund, et al., DA 14-434, WC Docket No. 10-90 et al.