



CenturyLink™

VIA ECFS

March 28, 2012

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

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SUBMISSION FOR THE RECORD

Re: Connect America Fund, WC Docket 10-90; A National Broadband Plan for Our Future, GN Docket 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket 07-135; High-Cost Universal Service Support, WC Docket 05-337; Developing an Unified Intercarrier Compensation Regime, CC Docket 01-92; Federal-State Joint Board on Universal Service, CC Docket 96-45; Lifeline and Link-Up, WC Docket 03-109; Universal Service Reform – Mobility Fund, WT Docket 10-208

Dear Ms. Dortch:

CenturyLink files this submission to the record in support of the following points made in the petitions for reconsideration and/or clarification of the Commission's *USF/ICC Transformation Order*¹ by US Telecom and ITTA, and further substantiated by CenturyLink in the above-captioned dockets, that: (1) the Commission should clarify that the residential rate ceiling can be applied on a study area basis; (2) the Commission should reconsider its decision to limit the carrier recovery baseline to collected versus billed revenues;² and (3) unserved locations in partially-served census blocks should be eligible for deployment using CAF Phase I Incremental Support.³

¹ See *In the Matter of Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform - Mobility Fund*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*), *Order Clarifying Rules*, DA 12-147, rel. Feb. 3, 2012, Erratum, rel. Feb. 6, 2012, Application for Review, USCC, *et al.*, filed Mar. 5, 2012, *Further Clarification Order*, DA 12-298, rel. Feb. 27, 2012; *pets for recon. pending; pets. for rev. of the Report and Order pending, sub nom.* IN RE FCC 11-161 (10th Cir. No. 11-9900, Dec. 16, 2011).

² Petition for Reconsideration of the United States Telecom Association, WC Docket Nos. 10-90, *et al.*, filed Dec. 29, 2011 at 31.

³ See Petition for Reconsideration of the Independent Telephone & Telecommunications Alliance, WC Docket Nos. 10-90, *et al.*, filed Dec. 29, 2011 at 1-6.

Ms. Marlene H. Dortch, Secretary
March 28, 2012

Page 2 of 2

As to the first point, applying the residential rate ceiling on a study area basis, CenturyLink reiterates that certain charges included as part of the residential rate ceiling calculation tend to vary within an incumbent local exchange carrier's study area -- namely, localized EAS and 911 charges.⁴ To further demonstrate this problem, CenturyLink attaches hereto, as Attachment A, a table showing all of CenturyLink's 911 charges, averaged on a wire center basis. While the rates for this non-telecom surcharge are uniform in some states, it is evident in many others that the rates vary substantially in many study areas. This will make implementation challenging if it cannot be done on a study-areas basis, as has been the custom in the past.

Regarding the second point -- establishing the carrier recovery baseline using collected as opposed to billed revenues -- CenturyLink submits as Attachment B, three Orders from one large dispute.⁵ Taken together, these Orders illustrate that even when traffic is ultimately ruled to be properly billed pursuant to contract; it can take a very long time to collect owed revenue at issue in these commonly protracted disputes. In addition, the facts of the case demonstrate that assigning collected revenue to particular traffic is impossible as a practical matter. Not only are payments not allocated but, in this case, the carrier withheld payment altogether for many months, including on traffic that it did not dispute. This was done as a "claw back" for prior year payments it alleged were improper but did not dispute at the time. In the face of these facts, it would not be reasonable or logical to use collected revenues to establish a baseline for allowable future recovery. Indeed, given the great extent to which providers exercised "self-help" and delivered interstate and intrastate interLATA traffic as local traffic, using billed revenue would represent the most balanced and just approach to establishing the recovery baseline.

Finally, concerning the third point -- using CAF Phase I Incremental Support in partially-served census blocks -- CenturyLink submits as Attachment C, several examples of the problem using 2010 census data. Based on our analysis, it appears that the problem is of a similar magnitude using 2010 or 2000 census block boundaries.

Pursuant to Section 1.1206(b) of the Commission's rules, a copy of this notice is being filed in the above-referenced dockets. Please contact me if you have any questions.

Sincerely,



Jeffrey S. Lanning

cc: Sharon Gillett, Carol Matthey, Rebekah Goodheart, Steven Rosenberg, Amy Bender,
Michael Byrne, Joseph Cavender, Alexander Minard, Trent Harkrader

⁴ US Telecom Petition at 31; Opposition of CenturyLink, WC Docket Nos. 10-90, *et al.*, filed Feb. 9, 2012 at 24-25 (CenturyLink Opposition).

⁵ CenturyLink Opposition at 27.