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May 1, 2014

Missouri Public Service Commission

Governor Office Building

200 Madison

P.O. Box 360

Jefferson City, MO 65102-0360

Dear Secretary:

Attached for electronic filing are revisions to the Embarq Missouri, Inc. d/b/a CenturyLink, Access Service Tariff, P.S.C. MO.-No. 26. These revisions are filed, in accordance with Missouri Public Service Commission Rules and Regulations and electronically submitted with a May 1, 2014 issue date and a proposed effective date of July 1, 2014.

This filing proposes 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 mandated in the Federal Communications Commission' November 18, 2011 Report and Order and Further Notice of Proposed Rulemaking in WC Docket Nos. 10-90, etc. (FCC 11-161) The calculations supporting these rate changes are being filed as Proprietary, with Certification, since they contain market specific information relating to services offered and will be filed separately with the Commission.

The list of tariff sheets reflecting a change are provided in Attachment A following.

A narrative describing the methodology and supporting calculations utilized by CenturyLink to implement the Terminating Switched End Office Access Service reductions is provided in Attachment B following.

Also enclosed is the CenturyLink certification certifying that CenturyLink is not seeking duplicative recovery in the state jurisdiction for any Eligible Recovery subject to the recovery mechanism established by the Transformation Order.

Should you have questions or need additional information regarding this filing, please contact Richard Moore at (573) 634-1560 or Chris Chushuk at (913) 345-7791.

Sincerely,



Gary L. Kepley

Director – Regulatory Operations

Attachments

Pc: Mark Harper

Richard Moore

Office of Public Counsel (e-mail)

MO 14-02A

**Attachment A**

The following tariff pages are being revised:

|  |  |  |
| --- | --- | --- |
| **Tariff** |  |  |
| Sixth Revised Page 36 |  |  |
| First Revised Page 36.1  Seventh Revised Page 267  Eleventh Revised Page 268  First Revised Sheet 696 |  |  |
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| **Attachment B** |  |  |
|  | **Embarq Missouri, Inc. d/b/a CenturyLink** |  |

**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 area[[1]](#footnote-1). 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. (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. (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. (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. [↑](#footnote-ref-1)