



August 10, 2010

Filed electronically in the Docket Office 8/10/10

Mr. David Foster
Chief, Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Ad Valorem Tax Equity Payments
TRA Docket No. 10-00136
CenturyTel of Adamsville, Inc. d/b/a CenturyLink
CenturyTel of Claiborne, Inc. d/b/a CenturyLink
CenturyTel of Ooltewah-Collegedale, Inc. d/b/a CenturyLink

Dear Mr. Foster:

In accordance with your letter of July 10, 2010, and pursuant to the provisions of Tennessee Code Annotated § 67-6-222, enclosed is information pertaining to the required revision of business rates, resulting from tax equity payments, for the above-named CenturyLink companies. The attached information pertains to the period starting October 1, 2010, and through September 30, 2011.

As shown in the attached worksheets, the above-named companies have a shortfall and will not be required to flow through their estimated net tax savings to business customers for this period. Further, there are no plans at present to offset this shortfall through increased rates to business customers of CenturyLink in these Tennessee companies. Therefore, no tariff filings required at this time.

If you have any questions, please contact me at (913) 345-7636 or Pam Wescott at (615) 255-0155.

Respectfully,

Stan Brower
CenturyLink
Regulatory Finance

Enclosures

cc: Pam Wescott

CenturyTel Tennessee Telephone Companies
Property Tax Calculation - Net Pass Through Amount
9th Price Adjustment Effective October 1, 2010

Description	Adamsville	Claiborne	Ooltewah-Collegedale
Equity Payment Received - June 29, 2003	\$ 61,790	\$ 58,039	\$ 63,733
Part 36/69 Interstate revenue requirement reduction ** (June 2002 through May 2003)	17,882	15,549	22,319
Net Amt to Flow Through (L1 - L2)	43,908	42,490	41,413
1st Price Adjustment - 21 month amount January 1, 2002 Through September 30, 2003	80,187	83,136	50,568
Net Pass Through Amount For Oct. 1, 2003 Through Sept. 30, 2004	\$ (1,153)	\$ (6,653)	\$ 23,976
Total Flow Thru	\$ 79,034	\$ 76,483	\$ 74,544
Shortfall through 9-30-03	\$ (35,126.09)	\$ (33,992.86)	\$ (33,130.52)
Total Equity Payment Received June 21, 2004	\$ 59,021	\$ 60,782	\$ 59,830
Part 36/69 Interstate impact, 6/03 - 5/04 - (L8 * separation factor)	17,084	16,253	20,916
Impact to USF support, if applicable (include supporting calculations)	34,551	35,726	28,853
Net Tax Savings to Company to be flowed through to business customers (L8-L9-L10)	\$ 7,387	\$ 8,803	\$ 10,061
Shortfall through 9-30-04 (L7+L11)	\$ (27,739.56)	\$ (25,190.00)	\$ (23,069.91)
Proposed Annual Flow Thru Oct. 1, 2004 - September 30, 2005	0	0	0
Total Equity Payment Received July 15, 2005	\$ 55,127	\$ 54,966	\$ 52,463
Part 36/69 Interstate impact, 6/04 - 5/05 - (L14 * separation factor)	15,944	14,294	18,276
Impact to USF support, if applicable (include supporting calculations)	32,260	32,483	25,543
Net Tax Savings to Company to be flowed through to business customers (L14-L15-L16)	\$ 6,923	\$ 8,189	\$ 8,644
Shortfall through 9-30-05 (L12+L17)	\$ (20,816.47)	\$ (17,000.75)	\$ (14,426.09)
Proposed Annual Flow Thru Oct. 1, 2005 - September 30, 2006	0	0	0
Total Equity Payment Received June 30, 2006	\$ 64,436	\$ 63,729	\$ 58,025
Part 36/69 Interstate impact, 6/05 - 5/06 - (L20 * separation factor)	18,663	16,561	20,538
Impact to USF support, if applicable (include supporting calculations)	37,602	38,077	28,476
Net Tax Savings to Company to be flowed through to business customers (L20-L21-L22)	\$ 8,171	\$ 9,090	\$ 9,010
Shortfall through 9-30-06 (L18+L23)	\$ (12,645.47)	\$ (7,910.48)	\$ (5,415.60)
Proposed Annual Flow Thru Oct. 1, 2006 - September 30, 2007	0	0	0
Total Equity Payment Received July 26, 2007	\$ 53,643	\$ 56,010	\$ 47,486
Part 36/69 Interstate impact, 6/06 - 5/07 - (L26 * separation factor)	15,421	14,549	16,498
Impact to USF support, if applicable (include supporting calculations)	30,995	33,066	23,022
Net Tax Savings to Company to be flowed through to business customers (L26-L27-L28)	\$ 7,227	\$ 8,394	\$ 7,966
Impact to USF support for 2003 Equity Payment Received	\$ 34,779	\$ 34,128	\$ 30,437
Shortfall through 9-30-07 (L24+L29-L30)	\$ (40,197.67)	\$ (33,644.06)	\$ (27,886.31)
Proposed Annual Flow Thru Oct. 1, 2007 - September 30, 2008	0	0	0

CenturyTel Tennessee Telephone Companies
Property Tax Calculation - Net Pass Through Amount
9th Price Adjustment Effective October 1, 2010

Description	Adamsville	Claiborne	Ooltewah-Collegedale
Total Equity Payment Received May 21, 2008	\$ 47,220	\$ 49,468	\$ 43,492
Part 36/69 Interstate impact, 6/07 - 5/08 - (L33 * separation factor)	13,576	12,852	15,140
Impact to USF support, if applicable (include supporting calculations)	28,023	29,691	22,341
Net Tax Savings to Company to be flowed through to business customers (L33-L34-L35)	\$ 5,622	\$ 6,925	\$ 6,010
Shortfall through 9-30-08 (L31+L36)	\$ (34,576.11)	\$ (26,719.07)	\$ (21,875.95)
Proposed Annual Flow Thru Oct. 1, 2008 - September 30, 2009	0	0	0
Total Equity Payment Received June 1, 2009	\$ 77,042	\$ 82,760	\$ 71,137
Part 36/69 Interstate impact, 6/08 - 5/09 - (L40 * separation factor) ##	22,148	21,501	24,802
Impact to USF support, if applicable (include supporting calculations)	45,770	49,821	36,364
Net Tax Savings to Company to be flowed through to business customers (L40-L41-L42)	\$ 9,125	\$ 11,438	\$ 9,971
Shortfall through 9-30-09 (L38+L43)	\$ (25,451.41)	\$ (15,281.32)	\$ (11,905.05)
Proposed Annual Flow Thru Oct. 1, 2009 - September 30, 2010	0	0	0
Total Equity Payment Received June 1, 2010	\$ 27,952.67	\$ 26,034.25	\$ 25,201.51
Part 36/69 Interstate impact, 6/09 - 5/10 - (L46 * separation factor) ##	\$ 8,029.68	\$ 6,765.55	\$ 8,836.48
Impact to USF support, if applicable (include supporting calculations)	\$ 16,611.00	\$ 13,586.00	\$ 12,838.00
Net Tax Savings to Company to be flowed through to business customers (L46-L47-L48)	\$ 3,311.99	\$ 5,682.70	\$ 3,527.03
Shortfall through 9-30-10 (L44+L49)	\$ (22,139.43)	\$ (9,598.62)	\$ (8,378.02)
Proposed Annual Flow Thru Oct. 1, 2010 - September 30, 2011	0	0	0

Property Taxes are allocated based on Plant in Service in the Separation's study. Below are the updated INTERSTATE factors based on the 2009 cost study:

T033 Claiborne: 25.9871%

T085 Adamsville: 28.7260%

T119 Ooltewah-Collegedale: 35.0633%