

MANAGING YOUR UNIVERSAL SERVICE CONTRIBUTIONS ON FCC FORM 499-A

2021 OTA ACCOUNTING CONFERENCE

TULSA, OK

NOVEMBER 18, 2021



Your business
is our business.



OVERVIEW

- ▶ Review current FCC Form 499-A form and submission process
- ▶ Focus on items that can materially impact payments to USAC
- ▶ Discuss recordkeeping and documentation required in the event of a USAC audit
- ▶ Reconciling payments to USAC and customer billing
- ▶ Other issues and concerns



WHAT IS THE PURPOSE OF THE FCC FORM 499 FILINGS?

- The Federal Communications Commission (FCC) has established procedures to finance Universal Service Support mechanisms
- Federal Universal Service funding is 100% sourced from assessments on billed revenues via the 499 Form. There is no contribution from the U.S. government budget
- Contributions are collected from telecommunications carriers providing interstate telecommunications and certain other providers of interstate telecommunications (including interconnected VoIP providers)
- The Form 499 sets forth information that the contributor must submit, so that the administrator may calculate and assess contributions



USAC Projections of Industry Revenues

USAC submitted projected collected end-user telecommunications revenues for October 2021 through December 2021 based on information contained in the Fourth Quarter 2021 Telecommunications Reporting Worksheet (FCC Form 499-Q).⁷ The amount is as follows:

Total Projected Collected Interstate and International End-User Telecommunications Revenues for Fourth Quarter 2021: \$9.517295 billion.

Adjusted Contribution Base

To determine the quarterly contribution base, we decrease the fourth quarter 2021 estimate of projected collected interstate and international end-user telecommunications revenues by the projected revenue requirement to account for circularity and decrease the result by one percent to account for uncollectible contributions. Accordingly, the quarterly contribution base for the fourth quarter of 2021 is as follows:

Adjusted Quarterly Contribution Base for Universal Service Support Mechanism
(Fourth Quarter 2021 Revenues - Projected Revenue Requirement) * (100% - 1%)

$$= (\$9.517295 \text{ billion} - \$2.123870 \text{ billion}) * 0.99$$
$$= \$7.319491 \text{ billion.}$$

Unadjusted Contribution Factor

Using the above-described adjusted contribution base and the total program collection (revenue requirement) from the table above, the proposed unadjusted contribution factor for the fourth quarter of 2021 is as follows:

Contribution Factor for Universal Service Support Mechanisms

Total Program Collection / Adjusted Quarterly Contribution Base

$$= \$2.123870 \text{ billion} / \$7.319491 \text{ billion}$$
$$= 0.290166$$



Factor developed
of 29.1% for Q4 2021



WHO MUST FILE THE 499-A?

All intrastate, interstate and international providers of telecommunications service within the United States, with very limited exceptions, must file the FCC Form 499-A

“Intrastate” telecommunications: communications or transmission between points within the same state, territory, possession of the United States or the District of Columbia

“Interstate and international” telecommunications: communications or transmission between a point in one state, territory, possession of the United States or the District of Columbia and a point outside that state, territory, possession of the United States or the District of Columbia

REVENUE REPORTING OVERVIEW

FCC Form 499-A is a multi-purpose form used for various purposes:

- ▶ Report revenues for purposes of the federal Universal Service Fund
- ▶ Report revenues for purposes of the federal Telecommunications Relay Services (TRS) Fund
- ▶ Report revenues for the administration of the North American Numbering Plan (NANPA)
- ▶ Report revenues for the shared costs of Local Number Portability (LNP)
- ▶ Report revenues for calculating and assessing Interstate Telecommunications Service Provider (ITSP) regulatory fees

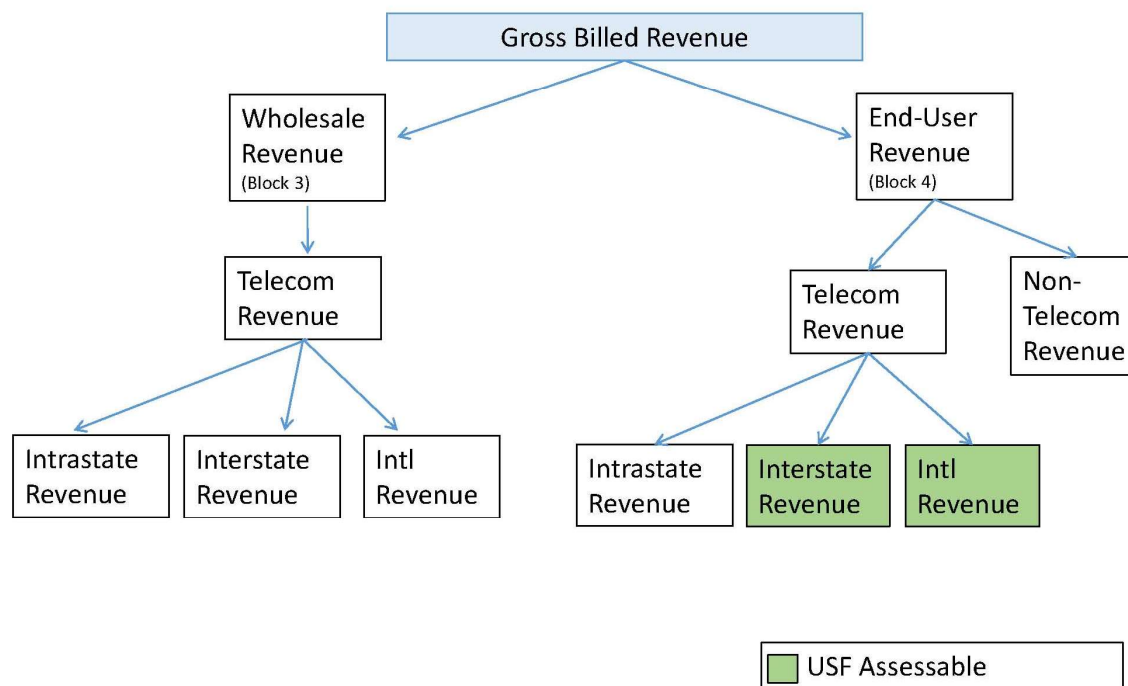


REVENUE REPORTING PROCESS

Three-step process for revenue reporting:

1. Filer must assign gross billed revenues to reporting categories, which includes allocating revenues from bundled services between telecommunications and non-telecommunications components
 - Total revenues billed to customers during the filing period with no allowances for uncollectible, settlements, or out-of-period adjustments
2. Filer must attribute telecommunications derived from sales to contributing resellers, a.k.a., carrier's carrier revenues (Block 3) or from sales to end users (Block 4)
3. Filer must allocate its telecommunications revenues between intrastate, interstate, and international jurisdictions

Revenue Reporting





RESELLER VS END-USER REVENUE

Reseller/Wholesale

- ▶ Revenue from a customer that incorporates purchased telecommunications services into its own telecommunications offerings
- ▶ Customer can reasonably be expected to DIRECTLY contribute to federal universal support mechanisms based on revenues from those offerings
- ▶ Referred to as “carrier’s carrier revenues” or “revenues from resellers”
- ▶ Reported in Block 3

End-User

- ▶ Revenues from all other sources
- ▶ Revenues from services provided to end-users
- ▶ Referred to as “end-user revenues”
- ▶ Reported in Block 4

RESELLER DOCUMENTATION AND REASONABLE EXPECTATION STANDARD

Each filer should have documented procedures to ensure it reports “revenues from resellers” accurately

MINIMUM information on filer’s resellers must include:

- ▶ Filer ID
- ▶ Legal name
- ▶ Legal address
- ▶ Name of a contact person
- ▶ Phone number of contact
- ▶ **ANNUAL CERTIFICATION SIGNED BY RESELLER**
 - ▶ Template located on USAC website:
 - ▶ [*FUSF Reseller Certification Template*](#)



RESELLER REVENUE REPORTING KEY POINTS

- ▶ Revenues on this page require a certification as discussed.
 - ▶ Switched Access Revenues do not require certification per 499 Instructions
- ▶ USAC uses Column A as its benchmark for certifications, even if there is no Interstate/International Revenue
- ▶ Line 305.1 Private Line: Proof of Jurisdiction is also a key requirement
- ▶ USF less than 100% interstate may require an explanation to USAC
- ▶ These do not impact the contribution base

BLOCK 3: CARRIER'S CARRIER REVENUES



2021 FCC Form 499-A Telecommunications Reporting Worksheet (Reporting 2020 Revenues) Page 4

Block 3: Carrier's Carrier Revenue Information

301 Filer 499 ID [from Line 101]
 302 Legal name of filer [from Line 102]

Report billed revenues for January 1 through December 31, 2020.
 Do not report any negative numbers. Dollar amounts may be rounded to the nearest thousand dollars.
 However, report all amounts as whole dollars.

See instructions regarding percent interstate and international.

	Total Revenues (a)	If breakouts are not book amounts, enter whole percentage estimates		Breakouts	
		Interstate (b)	International (c)	Interstate Revenues (d)	International Revenues (e)
Revenues from Services Provided for Resale as Telecommunications by Other Contributors to Federal Universal Service Support Mechanisms					
<i>Fixed local service</i>					
303.1	Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXCs				
303.2	Provided as unbundled network elements (UNEs)				
304.1	Provided under other arrangements				
304.2	Per-minute charges for originating or terminating calls				
304.2	Provided under state or federal access tariff				
304.2	Provided as unbundled network elements or other contract arrangement				
<i>Local private line & business data service</i>					
305.1	Provided to other contributors for resale as telecommunications				
305.2	Provided to other contributors for resale as interconnected VoIP				
306	Payphone compensation from toll carriers				
307	Other local telecommunications service revenues				
308	Universal service support revenues received from Federal or state sources				
<i>Mobile services (i.e., wireless telephony, paging, and other mobile services)</i>					
309	Monthly, activation, and message charges except toll				
<i>Toll services</i>					
310	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)				
311	Ordinary long distance (direct-dialed MTS, customer toll-free (800/888 etc.) service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)				
312	Long distance private line services				
313	Satellite services				
314	All other long distance services				
315	Total revenues from resale [Lines 303 through 314]				

See section III.C.2 of the instructions for the requirements applicable to revenue reported on this page. These records must be made available to the administrator or the FCC upon request.

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. § 1001

USAC's benchmark for Reseller Certifications

Jurisdiction important

Explanation required if Interstate USF is less than 100%



END-USER REVENUES KEY POINTS

- ▶ Line 403 should be present for all companies that assess the FUSC.
 - ▶ Should be 100% unless there is a state surcharge.
 - ▶ This should be compared to your invoices from USAC to ensure full recovery
- ▶ Line 404 VoIP use safe harbor (64.9%) or detailed traffic study. Study usually yields a lower % assignment
- ▶ Line 405 Subscriber Line charges and ARCs. USAC has issued questions for those that have discontinued
- ▶ Line 405 Subscriber Line charges associated with Lifeline customers will not be included as they are not billed to customers
- ▶ Lifeline payments from USAC should be counted on Line 308 and not netted against Line 405
- ▶ Imputed ARC charges, which are reported to NECA, are not included here as they are not billed
- ▶ Lifeline customers cannot be charged an ARC charge
- ▶ Line 406 Jurisdiction – documentation may be needed
- ▶ NECA or other tariffed or De-Tariffed DSL and CBOL revenues should not be included on line 406 after June 30, 2018. They should be included on line 418 and are not a part of the USF contribution base

BLOCK 4: RESELLER REVENUES



2021 FCC Form 499-A Telecommunications Reporting Worksheet (Reporting 2020 Revenues)					Page 5
Block 4-A: End-User and Non-Telecommunications Revenue Information					
401	Filer 499 ID [from Line 101]				
402	Legal name of filer [from Line 102]				
Report billed revenues for January 1 through December 31, 2020. Do not report any negative numbers. Dollar amounts may be rounded to the nearest thousand dollars. However, report all amounts as whole dollars.		Total Revenues	If breakouts are not book amounts, enter whole percentage estimates		Breakouts
See instructions regarding percent interstate and international.		(a)	Interstate (b)	International (c)	Interstate Revenues (d) International Revenues (e)
Revenues from All Other Sources (end-user, telecom, & non-telecom.)					
403	Surcharges or other amounts on bills identified as recovering State or Federal universal service contributions				
Fixed local services					
Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges					
Traditional Circuit Switched					
404.1	Provided at a flat rate including interstate toll service – local portion				
404.2	Provided at a flat rate including interstate toll service – toll portion				
404.3	Provided without interstate toll included (see instructions)				
Interconnected VoIP					
404.4	Offered in conjunction with a broadband connection				
404.5	Offered independent of a broadband connection				
405	Tariffed subscriber line charges, Access Recovery Charges, and PICC charges levied by a local exchange carrier on a non-PIC customer				
406	Local private line & business data service [Includes the transmission portion of wireline broadband Internet access provided on a common carrier basis.]				
407	Payphone coin revenues (local and long distance)				
408	Other local telecommunications service revenues				
Mobile services (i.e., wireless telephony, paging, and other mobile services)					
409	Monthly and activation charges				
410	Roaming and air-time charges for toll calls, but excluding separately stated toll charges				
Toll services					
411	Prepaid calling card (including card sales to customers) and non-carrier distributors) reported at face value of cards				
412	International calls that both originate and terminate in foreign points		0%	100%	
413	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412				
Ordinary long distance (direct-dialed MTS, customer toll-free (800/888 etc.) service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)					
414.1	All, other than interconnected VoIP, including, but not limited to, itemized toll on wireline and wireless bills				
414.2	All interconnected VoIP long distance, including, but not limited to, itemized toll				
415	Long distance private line services				
416	Satellite services				
417	All other long distance services				
Revenues other than U.S. telecommunications revenues, including information services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, foreign carrier operations, and non-telecommunications revenues (See instructions)					
418.1	bundled with circuit switched local exchange service				
418.2	bundled with interconnected VoIP local exchange service				
418.3	Other				
418.4	non-interconnected VoIP revenues not included in any other category				
Block 4-B: Total Revenue and Uncollectible Revenue Information					
419	Gross billed revenues from all sources (incl. reseller & non-telecom.) [Lines 303 through 314 plus Lines 403 through 418]				
420	Gross universal service contribution base amounts [Lines 403 through 411 plus Lines 413 through 417] [See Table 3 in instructions.]				
421	Uncollectible revenue bad debt expense associated with gross billed revenues amounts shown on Line 419 [See instructions.]				
422	Uncollectible revenue bad debt expense associated with universal service contribution base amounts shown on Line 420				
423	Net universal service contribution base revenues [Line 420 minus line 422]				

Will be 100% unless there is a state surcharge

Apply safe harbor
Know what SLCs and ARCs to include



MAIN DRIVERS OF USF CONTRIBUTIONS

Tariffed Subscriber Line Charges (SLCs), Access Recovery Charges (ARCs) or Primary Interexchange Carrier Charges (PICCs) charged by a local exchange carrier on customers that are not presubscribed to an interexchange carrier

End-User Special Access

Ordinary long-distance charges

VoIP charges

Wireless

FEES DETERMINED BY 499 REVENUES

Table 4: Contribution Bases

Support Mechanism		Funding Basis
Universal service	less	Line 423(d) + Line 423(e)* revenues corresponding to universal service contributions**
TRS (Filers with end-user revenues must pay a minimum of \$25)		Line 514(a) for contributions funding IP CTS ⁸⁵ Line 514(b) for contributions funding all other forms of TRS
NANPA (Filers with end-user revenues must pay a minimum of \$25. Filers with no end-user revenues must pay \$25.)	plus less	Line 420(a) Line 412(a) Line 511(a)
LNPA - by region (Filers with only carrier's carrier revenue in a region must pay \$100 for that region)	plus less times	Line 420(a) Line 412(a) Line 511(a) percentages on Lines 503 through 509

* Line 423(e) is excluded from the contribution base if the total of amounts on Line 423(d) for the filer consolidated with all affiliates is less than 12% of the total of Line 423(d) + Line 423(e) for the filer consolidated with all affiliates. *See* 47 CFR § 54.706(c).

** The contribution base for an individual filer is the projected collected interstate and international revenues for the quarter, reduced by an imputed amount of universal service support pass-through charges, based on the actual factor for the quarter. *See Contribution Methodology Order*, 17 FCC Rcd 24952; *see, e.g.*, Proposed First Quarter 2004 Universal Service Contribution Factor, CC Docket No. 96-45, Public Notice, 18 FCC Rcd 25111 (2003). *See also* FCC, Contribution Factor & Quarterly Filings - Universal Service Fund (USF) Management Support, <https://www.fcc.gov/encyclopedia/contribution-factor-quarterly-filings-universal-service-fund-usf-management-support>,

FCC REGULATORY FEES



FCC FORM 159-W INTERSTATE TELEPHONE SERVICE PROVIDER WORKSHEET

Payer Name:		Filer 499 ID (FCC Form 499-A, Line 101):
Calendar Year Revenue Information (show amounts in whole dollars)		
1	Service provided by U.S. carriers that both originates and terminates in foreign points. FCC Form 499-A, Line 412 (e)	
2	Interstate end-user revenues from all telecommunications services. FCC Form 499-A, Line 420 (d)	
3	International end-user revenues from all telecommunications and IVoIP services except international-to-international. FCC Form 499-A, Line 420 (e)	
4	Total interstate and international end-user revenues (Sum of lines 1, 2 and 3) Note: Also enter this number on Block (28A) - FCC Code 1.	
5	End-user interstate mobile service monthly and activation charges. FCC Form 499-A, Line 409 (d)	
6	End-user international mobile service monthly and activation charges. FCC Form 499-A, Line 409 (e)	
7	End-user interstate mobile service message charges including roaming charges but excluding toll charges. FCC Form 499-A, Line 410 (d)	
8	End-user international mobile service message charges including roaming charges but excluding toll charges. FCC Form 499-A, Line 410 (e)	
9	End-user interstate satellite service. FCC Form 499-A Line 416 (d)	
10	End-user international satellite service. FCC Form 499-A Line 416 (e).	
11	Surcharges on mobile and satellite services identified as recovering universal service contributions and included in Line 403 (d) or 403 (e) on your FCC Form 499-A. Note: You may not include surcharges applied to local or toll services, nor any surcharges identified as intrastate surcharges.	
12	Interstate and international revenues from resellers that do not contribute to USF. FCC Form 499-A, Line 511 (b)	
13	Total excluded end-user revenues. (Sum of lines 5 through 12.) Note: Also enter this number on Block (29A) – FCC Code 2.	
14	Total subject revenues. (Line 4 minus Line 13) Also enter this number on Block (25A) – Quantity. Please round to nearest dollar.	
15	Interstate telecommunications service provider fee factor	
16	Regulatory Fee (Line 14 times Line 15). Also enter this number on Block (27A) – Total Fee. You are exempt from filing if the sum of all regulatory fees due on Line 16 is less than \$1,000. If you file, using this form, you must also complete an FCC Form 159, and include a copy of this FCC Form 159-W with your filing.	Please Round to Nearest Dollar

- ▶ Reported annually
- ▶ NECA previously reported on providers behalf
- ▶ Input revenues directly from 499-A into FCC Form 159-W to calculate ITSP Fee
- ▶ Exempt from filing if the sum of all regulatory fees due on Line 16 is \$1,000 or less

A red pushpin is pinned to a calendar grid. The grid shows dates 11, 15, 18, and 19. The background of the slide is a solid blue color with white text and a white diagonal line graphic on the right side.

FCC FORM 499 QUARTERLY FILINGS

- February 1: FCC Form 499-Q1 containing revenue information for October 1 through December 31 of the prior calendar year and projections for April 1 through June 30
- May 1: FCC Form 499-Q2 containing revenue information for January 1 through March 31 and projections for July 1 through September 30
- August 1: FCC Form 499-Q3 containing revenue information for April 1 through June 30 and projections for October 1 through December 31
- November 1: FCC Form 499-Q4 containing revenue information for July 1 through September 30 and projections for January 1 through March 31 of the coming year

499-Q REPORTING WORKSHEET



FCC Form 499-Q Telecommunications Reporting Worksheet
 Quarterly Filing for Universal Service Contributors - Please read instructions before completing <
 Approval by OMB 3060-0855

Block 1: Contributor Identification Information

101 Filer 499 ID

102 Legal name of reporting entity

103 Filer's IP-S employer identification number

104 Name telecommunications provider is doing business as

105 Affiliated Filer's Name
 [All affiliated companies should show same name here. In most cases, the Affiliated Filer's Name will be the holding company name]

106 Filer's FCC Registration Number (FRN) [Enter 10 digit number]

107 Complete mailing address of reporting entity's corporate headquarters [Enter 9 digit number]

108 Person who completed this worksheet

109 Telephone number of this person

110 Fax number of this person

111 Email of this person

112 Billing address and billing contact person:
 (only for universal service contributors will be sent to this address)

Block 2: Contact Information

113 Indicate which quarterly filing this represents

114 Check if using safe harbor to allocate interstate intrastate revenues for each of the following (as applicable):
 Cellular & broadband PCS: Payair: Analog SMP: Interconnected VoIP:

115 Telecommunications provided to other universal service contributors for resale as telecommunications or as interconnected VoIP

116 End-user telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues

117 All other goods and services

119 Projected gross-billed end-user interstate and international telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues

120 Projected collected end-user interstate and international telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues

Block 4: CERTIFICATION: to be signed by an officer of the reporting entity

121 I certify that the revenue data contained herein are privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the company. I request nondisclosure of the revenue information contained herein pursuant to sections 0.459, 52.17, 54.711 and 64.604 of the Commission's Rules.

I certify that I am an officer of the above-named reporting entity, that I have examined the foregoing report and to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true, that said Worksheet is an accurate statement of the affairs of the above-named company for the quarter and that the projections of gross-billed and collected revenues represent a good-faith estimate based on company procedures and policies.

122 Signature

123 Printed name of officer

124 Position with reporting entity

125 Email of officer (Required if available)

126 Date

127 This filing is: Original filing Revised filing [revisions due within 45 days of original filing deadline]

Do not mail checks with this form. File this form online: <http://www.usac.org/about/tools-to-file.aspx> or additional information regarding this worksheet contact: Telecommunications Reporting Worksheet Info: (855)641-5722 or via email: Forms.499@usac.org

PERSONS WHO FULLY MAKE FALSE STATEMENTS IN THIS WORKSHEET CAN BE FINED OR IMPRISONED UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. 1001

Save time, avoid problems - file electronically at <http://forms.universalservice.org> FCC Form 499-Q / January 2018



Company Identification and Contact Info



Reporting Period



Safe Harbor designation



Historical revenue reporting



Projected revenue reporting



Signature and Certification

BEHIND THE SCENES – TRUE UP PROCESS

- ▶ Four quarters of projected, collected revenue are compared to the corresponding 499-A filing
- ▶ If the sum of the 499-Qs exceeds the 499-A, credits are issued on the July–September invoices. The credits are calculated using the average of the two lowest contribution factors and associated circularity factors in place during the quarterly billings
- ▶ If the sum of the 499-Qs is less than the 499-A, charges are issued on the July–September invoices. The charges are calculated using the average of the two highest contribution factors and associated circularity factors in place during the quarterly billings
- ▶ Revised 499-A forms result in a recalculation of the true up. The resulting recalculation is compared to the original true up to determine credits or adjustments due





DETERMINING YOUR UNIVERSAL SERVICE OBLIGATION

- USAC uses the actual end-user interstate and international revenues from Line 423 of your FCC Form 499-A to determine your final Universal Service obligation for the calendar year
- Interstate (Line 423d) + International (Line 423e) =
499-A Contribution Base (499-A C Base)
 $(499-A) - (Q1+Q2+Q3+Q4)$
= True Up Base

Appendix A

How to determine if a filer met the universal service *de minimis* standard for calendar year 2020

(1)	Interstate contribution base for filer Enter Line 423(d) from FCC Form 499-A.	\$
(2)	International contribution base for filer Enter Line 423(e) from FCC Form 499-A.	\$
(3)	Interstate contribution base for all affiliates* Enter sum of Line 423(d) from FCC Forms 499-A of all affiliates.	\$
(4)	International contribution base for all affiliates Enter sum of Line 423(e) from FCC Forms 499-A of all affiliates.	\$
(5)	Consolidated interstate contribution base Enter Line (1) + Line (3).	\$
(6)	Consolidated interstate and international contribution base Enter Line (2) + Line (4) + Line (5).	\$
(7)	Consolidated interstate contribution base as a percentage of consolidated interstate and international contribution base Enter Line (5) / Line (6).	%
(8)	LIRE Exemption ** If Line (7) > 12%, enter Line (2). If Line (7) ≤ 12%, enter \$0.	\$
(9)	Contribution base to determine <i>de minimis</i> qualification Enter Line (1) + Line (8).	\$
(10)	2021 Form 499-A <i>de minimis</i> estimation factor	0.226 ***
(11)	Estimated annual contribution Enter Line (9) x Line (10)	\$

DE MINIMIS

- ▶ Telecommunications carriers are not required to contribute to the Universal Service support mechanisms for a given year if their annual contribution is under the De Minimis threshold
- ▶ (Interstate Revenues X contribution factor) if less than \$10,000 annually, that carrier is De Minimis
- ▶ For **Calendar Year 2021**, filers that billed less than **\$44,248 of combined** interstate and international end-user revenues will be considered De Minimis
- ▶ For **Calendar Year 2022**, filers that report less than **\$38,610.04 of combined** interstate and international end-user revenues will be considered De Minimis



OBLIGATIONS FOR DE MINIMIS COMPANIES

- Must file FCC Form 499-A each year
- Not required to file FCC Form 499-Q
- Must notify underlying providers of de minimis/non-de minimis status
- USAC recommends de minimis filers notify USAC each quarter of their continued de minimis status



GENERAL FILING NOTES

- ▶ Filers are required to E-File online.
- ▶ Review/update contact information (DC agents)
- ▶ All correspondence with USAC should include a Filer ID
- ▶ Form must be certified by an officer of the company as specified in the corporate by-laws
- ▶ Be aware of what type of revenues are hitting individual revenue accounts
- ▶ Set up subaccounts to differentiate carrier revenues from end-user revenues



BEFORE YOU SUBMIT

- Review any large variances from previous reports before USAC catches it
- Report uncollectible on Line 421, 422 make sure to have an interstate allocation
- Flat-rated billing, wireless and VoIP revenues:
 - You must apply some sort of safe harbor percentage if you are not able to identify the correct jurisdiction
 - Wireless safe harbor of 37.1%
 - VoIP revenues safe harbor of 64.9%



FINAL CHECK

- ▶ Ensure all revenues are included
- ▶ Make sure the revenues are accurately classified as either Interstate End User or International End User revenues
- ▶ Compare contributions paid into USAC with the amount of Federal Universal Service Charges (FUSC) collected from end users



RECONCILING USAC REVENUES AND EXPENSES

- The bills that you receive from USAC are based on the revenues reported on the 499-Q forms, as trued up by the annual 499-A
- Years ago, NECA determined that a company's ability to recover costs from USAC is **based on revenues reported**
- To ensure the company receives full recovery, the revenues that fall within the contribution base should be the same revenues that the FUSC is assessed
- Comparisons should be made between:
 - Billed FUSC revenues, based on the FCC Form 499
 - USAC invoices
 - NECA reporting / cost recovery



THANK YOU!

JESSICA OWEN

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