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FCC FORM 499-A FILING AND COMPLIANCE GUIDE



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Guide for Telecommunications Services and
Interconnected VoIP Provider Filing FCC Form 499-A and
Compliance with the FCC's Universal Service Fund Rules

GUIDE TO COMPLETE AND FILE FCC FORM 499-A

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Appendix A (FCC Form 499-A)

Appendix B (FCC Form 499-Q)

I. INTRODUCTION

Through the Telecommunications Communications Act, the Federal Communications Commission has been tasked with developing policies and procedures to ensure the adequate financing of universal service support mechanisms, interstate relay services, the administration of the North American Number Plan and the shared costs of local number portability.¹ The FCC originally established separate policies and procedures to accomplish each of these goals; in 1999, however, the Agency significantly simplified regulated entity reporting obligations with respect to each of the above by merging the distinct reporting obligations for each fund into a single form, FCC Form 499-A. Today, FCC Form 499-A, the consolidated Telecommunications Reporting Worksheet, supplemented by the Quarterly Filing for Universal Service Contributors (FCC Form 499-Q), represents the FCC's primary tool for monitoring telecommunications industry participation in the funding of all of the federal universal service support mechanisms, as well as the Agency's federal regulatory fee program.

Form 499-A may have simplified life for the FCC. Reporting entities, however, have never been more confused. The most consequential portions of Form 499-A are Blocks 3 and 4. Here, filers must provide meticulously detailed revenue data, broken down into exacting sub-categories. These sub-categories, however, request the presentation of revenue data in ways which do not always logically correspond to the real-world business operations of telecommunications companies. To its credit, the FCC has attempted to provide instructions to aid filers in the completion of Form 499-A. Unfortunately, many carriers find the instructions as confusing as the form itself. The FCC's instructions, which essentially condense down a decade of FCC precedent into the space of a few pages, contain internal contradictions and in some instances present explanatory information in a manner which is not consistent with FCC official policies and pronouncements on the universal service support mechanisms and their funding.

This "How-To" manual has been developed to help guide reporting entities through their Federal USF reporting and compliance obligations. The Guide begins with a brief discussion of the evolution of the federal universal support mechanisms. This background knowledge is indispensable to entities who must attempt to comply with the FCC's "moving target" of USF/499-A compliance requirements. With these underlying concepts in mind, the Guide then moves on to explain how Form 499-A should be completed on a line-by-line basis.

It is extremely important that Form 499-A data be reported accurately and completely. Reported revenues will form the basis of financial assessments levied against the reporting entity. The administrators of the federal universal service support mechanisms, the Universal Service Administrative Company ("USAC"), the National Exchange Carrier Association (NECA), Welch & Company and NeuStar, review and analyze Form 499-A and Form 499-Q data to calculate the overall financial needs of the federal Universal Service Fund ("USF"), the interstate Telecommunications Relay Service Fund ("TRS"), the North American Numbering Plan Fund ("NANP") and the recovery of Local Number Portability ("LNP") costs. The Fund Administrators then assign a proportional financial assessment to each contributing entity to

¹ 47 U.S.C. §§ 151, 225, 251, 254.

meet those funding needs. Thus, any reporting entity which inadvertently overstates its universal service contribution base will end up paying more than it otherwise would.

Compounding the problem of any such inadvertent statements are FCC rules which restrict reporting entities to only a limited window within which to identify misstatements or errors in revenue data. If a revised Form 499-A is not filed within 12 months of its original due date, USAC will not accept for filing any revised data figures which would result in a decrease to the reporting entity's financial obligations. Thus, once the 12-month revision window has closed, there is no practical means for a contributing entity to recoup overpayments to the federal universal service support mechanisms.

Inadvertent understatement of contribution base revenues can also have serious adverse consequences. The FCC's Enforcement Bureau actively prosecutes reporting entities which understate contribution base revenues, especially where failure to comply with the Form 499-A reporting rules appears willful, or where such errors occur repeatedly.

The "USF/499-A How To Guide" should answer many of your questions concerning the federal universal service mechanisms and the accurate completion and filing of FCC Forms 499-A and 499-Q. To the extent you have any remaining questions; the Firm remains available to provide additional information and assistance.