

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of
1998 Biennial Regulatory Review --
Streamlined Contributor Reporting
Requirements Associated with Administration
of Telecommunications Relay Services, North
American Numbering Plan, Local Number
Portability, and Universal Service Support
Mechanisms
CC Docket No. 98-171

REPORT AND ORDER

Adopted: July 14, 1999

Released: July 14, 1999

By the Commission: Commissioner Furchtgott-Roth issuing a statement.

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I. INTRODUCTION

A. In this Report and Order, we simplify the Commission's filing requirements for communications service providers by replacing several different -- but largely duplicative -- forms with one consolidated form, the Telecommunications Reporting Worksheet. These forms are currently filed at different times and in multiple locations. At present, telecommunications carriers and certain telecommunications service providers must comply with separate reporting requirements for their contributions to finance interstate Telecommunications Relay Services Fund, federal universal service support mechanisms, administration of the North American Numbering Plan (NANP), and the shared costs of long-term local number portability.¹ In each case, a "worksheet" was created to enable the administrators, and in some cases, carriers, to calculate contributions to these mechanisms. We act here to harmonize these multiple contributor reporting requirements and to minimize the administrative burdens for carriers and service providers. Thus, in lieu of making four separate filings in the spring of 2000, reporting carriers will simply file one copy of the new worksheet on April 1, 2000.² We emphasize that we are not imposing new reporting requirements in this proceeding; rather, our goal is to simplify the requirements to the greatest extent possible while continuing to ensure the efficient administration of the support and cost recovery mechanisms.

¹ See 47 U.S.C. §§ 151, 225, 251, 254. The Communications Act of 1934, as amended, (the Communications Act or the Act) is codified at 47 U.S.C. §§ 151 *et seq.*

² The Common Carrier Bureau will release, by Public Notice, the worksheet and instructions to be used for the September 1999 universal service filing. See, *infra*, ¶ 32.

1. In addition to adopting the consolidated Telecommunications Reporting Worksheet, we make several other modifications designed to rationalize our requirements and to reduce carrier confusion. In particular, we take the following measures: 1) adopt a uniform schedule and a single filing location for the contribution data;³ 2) encourage electronic filing of worksheets;⁴ 3) alter the revenue basis for assessing contributions to the TRS Fund and the NANP administration cost recovery mechanism to be consistent with the basis used for contributions to the universal service and local number portability mechanisms;⁵ and 4) reduce the minimum contribution requirements of the TRS Fund and the NANP administration cost recovery mechanism.⁶ We also reduce carrier filing burdens by adopting our proposal to allow carriers to use the Telecommunications Reporting Worksheet to designate agents for service of process pursuant to section 413 of the Communications Act.⁷ These modifications will facilitate the use of a consolidated reporting process and simplify the burdens on carriers and service providers. At the same time, these changes will not significantly shift the burden of contribution from one segment of the industry to another.

2. We also take steps to improve coordination between, and reduce the costs of, the administrators performing these data collection functions. For instance, we authorize administrators to share contributor data in certain circumstances.⁸ To simplify the reporting process and to reduce administrative costs, we also grant the administrators flexibility to develop procedures for collecting, validating, and distributing the data provided on the new worksheet.⁹ As a result, carriers will benefit because it will enable them to file only one copy of the Telecommunications Reporting Worksheet, rather than filing a copy with multiple administrators. Moreover, the administrators that handle contributions for each financing mechanism will no longer need to perform redundant tasks. Finally, to facilitate the many administrative changes that are required to produce the worksheets each year, we delegate authority to the Common Carrier Bureau to make future changes to the proposed Telecommunications Reporting Worksheet.¹⁰

3. The actions that we take in this Order to eliminate duplicative requirements are consistent with our overall effort to reduce unnecessary regulation. Our actions are also

³ See Sections III. D. and E.

⁴ See Section III.I.

⁵ See Section IV.B.

⁶ See Section IV.C.

⁷ 47 U.S.C. § 413. See Section III.B.

⁸ See Section III.G.

⁹ See Section III.G.

¹⁰ See Section III.F.

consistent with our statutory obligation, as part of our biennial review of our regulations, to eliminate or modify regulations that are no longer necessary in the public interest.¹¹ Adopting a single worksheet not only will reduce regulatory burdens on carriers and service providers, but will also reduce the costs to administrators and the public costs of regulation by conserving Commission resources associated with auditing and cross-checking data submissions.

4. We note that, with the limited exceptions noted above, we do not revisit the substantive requirements of the support and cost recovery mechanisms, the class of contributors to each mechanism, or the services whose revenues are included in contribution bases. Rather, the rulemaking focuses on steps to reduce burdens on contributors, and burdens on the administrators that handle the contributions, by improving the data collection process. In order to achieve these results quickly, we defer consideration of several issues raised by commenters in this proceeding to other proceedings, including the underlying proceedings which the Commission has used to establish particular substantive requirements.

II. BACKGROUND

5. In a series of separate proceedings, the Commission has established procedures to finance interstate telecommunications relay services,¹² universal service support mechanisms,¹³ administration of the North American Numbering Plan,¹⁴ and shared costs of local number portability.¹⁵ To accomplish each of these goals, contributions are collected from

¹¹ 47 U.S.C. § 161. See also *FCC Staff Proposes 31 Proceedings as Part of 1998 Biennial Regulatory Review*, Report No. GN 98-1 (rel. Feb. 5, 1998).

¹² See Pub. L. No. 101-336, § 401, 104 Stat. 327, 366-69 (adding section 225 to the Communications Act of 1934, as amended, 47 U.S.C. § 225). See also *Telecommunications Relay Services and the Americans With Disabilities Act of 1990*, Third Report and Order, FCC 93-357, CC Docket No. 90-571, 8 FCC Rcd 5300, ¶12 (rel. July 20, 1993) (*TRS Third Report and Order*) ("recovering interstate relay costs from all common carriers who provide interstate service on the basis of their interstate revenues will accomplish this goal").

¹³ See 47 U.S.C. § 254. See also *Federal-State Joint Board on Universal Service*, Report and Order, FCC 97-157, CC Docket No. 96-45, 12 FCC Rcd 8776 (rel. May 8, 1997) (*Universal Service Order*).

¹⁴ See 47 U.S.C. § 251(e)(2). See also *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, Second Report and Order, FCC 96-333, CC Docket No. 96-98, 11 FCC Rcd 19392, 19541, ¶ 342 (rel. Aug. 8, 1996) (*Local Competition Second Report and Order*); *Administration of the North American Numbering Plan, Toll Free Service Access Codes*, Third Report and Order and Third Report and Order, FCC 97-372, CC Docket No. 92-237, 95-155, 12 FCC Rcd 23040, ¶¶ 2-13 (rel. Oct. 9, 1997).

¹⁵ See 47 U.S.C. § 251(e)(2). See also *Telephone Number Portability*, Third Report and Order, FCC 98-82, CC Docket 95-116, ¶ 9 (rel. May 12, 1998) (*LNP Cost Recovery Order*). Compare *Telephone Number Portability*, First Report and Order and Further Notice of Proposed Rulemaking, FCC 96-286, CC Docket No. 95-116, 11 FCC Rcd 8352, 8355-56 (rel. July 2, 1996) (*LNP Order and Further Notice*) (distinguishing between long-term number portability and currently available, or "interim," number portability). This Report and Order is limited to the cost recovery mechanism for the shared costs of long-term local number portability.

telecommunications carriers and certain other providers of telecommunications services. As currently structured, our rules require telecommunications carriers having interstate revenues to file, at different times throughout the year, a number of contributor reporting worksheets that reflect often duplicative reporting requirements.¹⁶ Such carriers must file four forms (Form 431, TRS Fund Worksheet;¹⁷ Form 457, Universal Service Worksheet;¹⁸ Form 496, NANPA Funding Worksheet;¹⁹ and Form 487, LNP Worksheet²⁰) containing revenue and other data on which contributions to support or cost recovery mechanisms are based. For each of these forms, with the exception of the Universal Service Worksheet, carriers seeking confidential treatment of the data submitted in these forms must also file separate requests for nondisclosure with the Commission.²¹ In addition to these contributor reporting requirements, all carriers must also file data concerning contact information for an agent for service of process located in the District of Columbia.²²

6. On September 25, 1998, the Commission released a Notice of Proposed Rulemaking and Notice of Inquiry to initiate this proceeding.²³ The Commission, in the

¹⁶ Most carriers required to contribute to one of the above-mentioned mechanisms are also required under the Commission's rules to report and contribute to most, if not all, of the four mechanisms.

¹⁷ See 47 C.F.R. § 64.604(c)(4)(iii)(B). See also *Telecommunications Relay Services and the Americans With Disabilities Act of 1990*, Order, DA 98-2481, CC Docket No. 90-571 (rel. Dec. 2, 1998) (*1999 TRS Fund Worksheet Order*).

¹⁸ See 47 C.F.R. § 54.711. See also *Changes to the Board of Directors of the National Exchange Carrier Association, Inc. and Federal-State Joint Board on Universal Service*, Report and Order and Second Order on Reconsideration, CC Docket Nos. 97-21 and 96-45, FCC 97-253, 12 FCC Rcd 18400, 18442 (rel. July 18, 1997) (*Universal Service Second Order on Reconsideration*) (releasing Universal Service Worksheet); *Common Carrier Bureau Announces Release of Revised Universal Service Worksheet (FCC Form 457) To Reflect Change in Reporting of Revenues From Inside Wiring Maintenance*, Public Notice, DA 99-432, CC Docket No. 96-45 (rel. Mar. 5, 1999) (*1999 Universal Service Worksheet Notice*).

¹⁹ See 47 C.F.R. § 52.16. See also *Common Carrier Bureau Announces Release of 1999 North American Numbering Plan Funding Worksheet, FCC Form 496*, Public Notice, 13 FCC Rcd 17888, DA 98-1865 (rel. Sept. 15, 1998) (*1999 NANP Funding Worksheet Notice*).

²⁰ See 47 C.F.R. § 52.32. See also *All Telecommunications Carriers Must Begin Contributing To the Regional Database Costs for Long-Term Number Portability in 1999*, Public Notice, DA 99-544, CC Docket No. 95-116 (rel. Mar. 15, 1999) (*1999 LNP Worksheet Notice*).

²¹ See 47 C.F.R. § 0.459.

²² See 47 U.S.C. § 413; 47 C.F.R. § 1.47(h).

²³ *1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms*, Notice of Proposed Rulemaking and Notice of Inquiry, FCC 98-233, CC Docket No. 98-171, 13 FCC Rcd 19295 (rel. Sept. 25, 1998) (*Contributor Reporting*

Contributor Reporting Requirements Notice, tentatively concluded that, as currently structured, the contributor reporting requirements may place unnecessary administrative, compliance, and recordkeeping burdens on reporting carriers. The Commission sought comment on ways to streamline the filing requirements associated with the support and cost recovery mechanisms required under the Communications Act. In an attached Notice of Inquiry, the Commission sought comment on additional steps that it might take to simplify the administration of these mechanisms, including the adoption of a single agent to conduct all billing and collection functions.²⁴ Twenty-eight parties filed comments and ten parties filed reply comments to the Notice.²⁵

III. STREAMLINING CONTRIBUTOR REPORTING REQUIREMENTS

A. Overview

7. In this Order, we establish one consolidated data collection worksheet to be used to provide data necessary to determine carrier contribution amounts to the TRS, NANP, universal service, and LNP administrators. We present below, a table outlining the key aspects of the filings for the support and cost recovery mechanisms, comparing the existing practice with the modifications adopted in this Order. In subsequent portions of Section III, we make various changes to the rules governing contributions to TRS, NANP, universal service, and local number portability in order to facilitate use of the unified data collection worksheet.

Requirements Notice).

²⁴ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19323-26.

²⁵ A list of parties filing comments and reply comments is set out in Appendix A.

Mechanism	Previous	New
Universal Service	<ul style="list-style-type: none"> - Form 457 - Filed March 31 and Sept. 1 - Filed with USAC - Reports end-user revenue & revenue from other contributors 	<ul style="list-style-type: none"> - Form 499 - Filed April 1* - Filed in one location - Reports end-user revenue & revenue from other contributors
TRS	<ul style="list-style-type: none"> - Form 431 - Filed April 26 - Filed with TRS Administrator - Reports gross telecommunications revenues 	
NANPA	<ul style="list-style-type: none"> - Form 496 - Filed March 12 - Filed with NANP B&C Agent - Reports gross telecommunications revenues & selected expense data 	
Local Number Portability	<ul style="list-style-type: none"> - Form 487 - Filed April 16 - Filed with LNP administrator - Reports end-user telecommunications revenue and revenue from other contributors 	
* Contributors to universal service support mechanisms also file on September 1.		

B. Use of a Consolidated Reporting Worksheet

1. Background

8. In the *Contributor Reporting Requirements Notice*, the Commission proposed to consolidate collection of contribution data for the universal service support mechanism, the TRS Fund, and the cost recovery mechanisms for NANP and LNP administrations and attached a

proposed "Telecommunications Reporting Worksheet" for comment.²⁶ The Commission asked commenters, alternatively, whether any of the cost recovery mechanisms would be better served were it to continue collecting information through separate forms.²⁷

2. Discussion

9. We adopt a new Telecommunications Reporting Worksheet to replace the four existing worksheets used to collect contributor data. The new worksheet will also be used by carriers to identify agents for service of process, as required by section 413 of the Act. We note that carriers and administrators were nearly unanimous in their support of this proposal.²⁸ The record indicates that consolidating the four existing contributor forms into one worksheet will result in tangible administrative savings for carriers and service providers.²⁹ We also conclude that adopting one worksheet to satisfy these obligations will reduce confusion for carriers and should increase compliance, particularly by smaller carriers.³⁰ Finally, we believe that adopting a consolidated worksheet and granting administrators the ability to share revenue data will reduce the costs for administrators and, thereby, further effect savings overall.

10. To consolidate the worksheets, we amend the corresponding sections of the Commission's rules for universal service, TRS, local number portability, and numbering administration, so that those rule sections now refer to the Telecommunications Reporting Worksheet.³¹ To the same end, we also amend our rules concerning agents for service of process in section 1.47 to provide for the use of the worksheet.³² We attach, as Appendix D, the initial Telecommunications Reporting Worksheet (including both the April and the streamlined September versions) that will be used for the September 1, 1999 filing, as discussed below.³³ In

²⁶ See *Contributor Reporting Requirements*, 13 FCC Rcd 19295, 19306-09 (including a proposed Telecommunications Reporting Worksheet attached as Appendix B to the Notice).

²⁷ *Id.*, ¶ 20.

²⁸ See, e.g., APCC Comments at 1-2 ("providers will need to spend significantly less time preparing and submitting revenue information"); AT&T Comments at 1-2; BellSouth Comments at 2; Blooston Comments at 1; PCIA Comments at 3; USAC Comments at 2; GTE Reply Comments at 2.

²⁹ See, e.g., CTIA Comments at 2; Lockheed Comments at 2; MediaOne Comments at 2; TRA Comments at 3; RSL Reply Comments at 2. *Contra* MCI Comments at 2.

³⁰ See, e.g., PCIA Comments at 3 ("confusion generated by the various forms has stymied the legitimate efforts by carriers to honestly and completely respond to the questions posed");

³¹ See Appendix B, Rules Amended.

³² See Appendix B, Rules Amended.

³³ See Section III. D. (concerning Timing Issues). The Bureau will release instructions for the September version (Form 499 S) prior to the September universal service filing.

designing the new Telecommunications Reporting Worksheet, we revise our proposed worksheet to reflect a more streamlined approach and to correct some minor inconsistencies.

11. The new Telecommunications Reporting Worksheet will provide the necessary information while reducing to the lowest possible level the burden for carriers and service providers. We disagree with those commenters that state that the new worksheet would collect an unnecessary level of revenue detail.³⁴ Collecting revenue information by service type -- in addition to the specific revenue totals used to calculate individual contributions -- is vital to our ability to ensure that individual carriers and segments of the industry are contributing on a fair and equitable basis. Further, the Telecommunications Reporting Worksheet does not seek any additional revenue detail beyond the level that is already collected from these same carriers under the existing reporting requirements.³⁵ More importantly, obtaining this revenue data enables the Commission and the administrators to identify potential mistakes and abuse -- both in terms of misreported data and non-filers. Thus, this information is essential to ensuring that individual carriers and industry segments contribute to the mechanisms in a fair and equitable manner, and, thereby, to ensuring the integrity of the mechanisms. To that end, we believe that gathering detailed revenue information and publishing summaries of revenue data by service type creates public confidence that all carriers are participating, by allowing the public to scrutinize the level of participation within particular markets. Finally, we conclude that the specific revenue categories serve to clarify the instructions, by making more explicit the appropriate classification of particular services. All of these considerations lead us to conclude that both contributors and the public will benefit greatly from the reporting of revenue data by service type.

12. We do not adopt, however, the Commission's proposal to use the Telecommunications Reporting Worksheet to collect revenue and plant data required under section 43.21(c) of the Commission's rules.³⁶ While some carriers might gain an incremental benefit from being able to satisfy this requirement through the consolidated worksheet, the section 43.21(c) data is not essential, at this time, for the administrators to perform their functions.

³⁴ See, e.g., Ameritech Comments at 3; AT&T Comments at 5; GST Comments at 12; USTA Comments at 3; GTE Reply Comments at 3.

³⁵ We note that most carriers will not have to provide data for all of the revenue categories. Carriers are only required to show revenue for services that they offer. For example, the present Universal Service Worksheet contains 29 lines of revenue detail and two lines of totals. In the September 1998 filing of that worksheet, less than 1 percent of filers supplied more than 20 lines of revenue detail and more than 60% supplied 6 or fewer. Thus, we believe that the revenue breakouts are not particularly burdensome for the large majority of carriers.

³⁶ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19309; 47 C.F.R. § 43.21(c).

C. Changes to the Content of the Telecommunications Reporting Worksheet

1. Including Contribution Factors in the Telecommunications Reporting Worksheet

a. Background

13. The proposed Telecommunications Reporting Worksheet, as attached to the *Contributor Reporting Requirements Notice*, included blocks to be used by carriers to calculate their contributions to the TRS, NANP, and local number portability support and cost recovery mechanisms.³⁷ The instructions to the proposed worksheet indicated that carriers should submit their contribution to the relevant administrator at the same time that they filed the proposed Telecommunications Reporting Worksheet. The *Contributor Reporting Requirements Notice* reflected past practice for the TRS and NANP mechanisms, where contributors calculated their contributions and submitted payments (or first installments) at the same time that they completed and submitted the worksheets to the relevant administrator.³⁸ The Commission, in the Notice, did not propose any changes to the current practice for administration of the universal service mechanisms -- where the administrator calculates individual contributions and bills contributors after receiving revenue data from filers.

14. In the *1999 NANP Funding Worksheet Notice*, the Bureau altered the procedures for NANP administration so that carriers no longer submit their payment at the same time that the NANPA Worksheet is submitted.³⁹ Instead, the NANP administrator, after receiving the individual carrier revenue data through the worksheet, calculates "contribution factors" and individual carrier contributions, and subsequently bills carriers.

b. Discussion

15. We modify the original proposal so that the new Telecommunications Reporting Worksheet will not include any blocks for calculation of contributions to any of the mechanisms.

³⁷ See also *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, Appendix B, Proposed Telecommunications Reporting Worksheet, and 19310 ("In accordance with existing rules and practices, we propose that carriers continue to include all necessary data and any required contribution to the TRS and NANPA with their filing.").

³⁸ See *NANPA Third Report and Order*, 12 FCC Rcd at 23057 n.101. See *Common Carrier Grants 90-Day Waiver of Separate Subsidiary Requirements to National Exchange Carrier Association, and Announces Release of 1998 North American Numbering Plan Funding Worksheet, FCC Form 496*, Public Notice, DA 98-266 (rel. Feb. 11, 1998) (*1998 NANP Funding Worksheet Notice*); *Telecommunications Relay Services and the Americans With Disabilities Act of 1990*, Order, DA 97-2676, 12 FCC Rcd 22046 (rel. Dec. 22, 1997) (*1998 TRS Worksheet Order*).

³⁹ See *1999 NANP Funding Worksheet Notice*, 13 FCC Rcd 17888.

Instead, contributors will be billed for any contributions by the relevant administrator after the worksheet has been submitted.⁴⁰ This procedure will be consistent with the approach now taken by NANP Billing and Collection Agent in the administration of the NANP mechanism⁴¹ and by USAC in the administration of the universal service support mechanisms.⁴² This change will also simplify the worksheet and reduce administrative burdens on carriers, which will no longer need to calculate their own contribution.

16. With respect to the shared costs of local number portability, we find persuasive the arguments of Lockheed, the LNP administrator, that including a contribution factor on the worksheet might not best serve the needs of local number portability administration.⁴³ Lockheed argues that local number portability costs are variable and do not lend themselves to a single, annual collection.⁴⁴ No commenter opposes Lockheed's proposal to bill contributors after collecting data through the worksheet, and we see no reason, in this case, not to allow Lockheed to follow the approach that it concludes will be administratively most efficient. Therefore, the Telecommunications Reporting Worksheet does not include blocks for filers to calculate their contributions to the local number portability cost recovery mechanism.

17. We also amend our rules for TRS administration so that the TRS administrator may bill contributors after the revenue data collection, rather than concurrent with the filing of that data.⁴⁵ This change to the TRS support mechanism is supported by NECA, the TRS administrator, which argues that the Commission should alter the current practice of estimating contribution factors and requiring filers to submit their contribution with the worksheet.⁴⁶ As NECA observes, this change in procedure would make the TRS collection process consistent with the other funds. In the absence of evidence of increased administrative costs, we believe that this administrative change will decrease confusion among carriers and should not alter the size of any

⁴⁰ We note that several commenters encourage the Commission to adopt particular installment plans to allow companies to pay their contributions over a period of time. *See, e.g.*, APCC Comments at 4; GST Comments at 19. Currently, the administrators, in coordination with the Bureau, make available installment plans for contributions over a set amount. Given the availability of those installment plans, we need not take further action on these commenters' proposals.

⁴¹ *See* 47 C.F.R. § 52.16(a); *1999 NANP Funding Worksheet Notice*, 13 FCC Rcd 17888.

⁴² *See* 47 C.F.R. §§ 54.711, 69.616.

⁴³ *See* Lockheed Comments at 2-4 ("Any attempt to estimate the amount that will constitute the Industry Cost for the forthcoming year will undoubtedly be an imprecise 'guesstimate' and will disadvantage either the LNPA . . . or the telecommunications service providers . . .").

⁴⁴ Lockheed Comments at 2-4.

⁴⁵ *See* Appendix B, Rules Amended.

⁴⁶ NECA Comments at 3.

individual carrier's contribution. Accordingly, we adopt NECA's suggestion and make corresponding changes to the Telecommunications Reporting Worksheet.

2. Certification of Compliance with Section 255 of the Act

a. Background

18. The proposed Telecommunications Reporting Worksheet included a "check-box" that allowed carriers to certify compliance with section 255 of the Act.⁴⁷

b. Discussion

19. We concur with those commenters who suggest that the Telecommunications Reporting Worksheet should not include a certification regarding compliance with section 255 of the Act.⁴⁸ We note that the Commission has undertaken a proceeding concerning the implementation of section 255 and we believe any proposals for determining compliance with section 255 are more appropriately considered in that proceeding.⁴⁹ We accordingly delete the certification of compliance with section 255 from the Telecommunications Reporting Worksheet and instructions.

3. Revenues from Internet and Internet Protocol Telephony

a. Background

20. The instructions to the proposed Telecommunications Reporting Worksheet indicated that revenue from calls handled using Internet technology should be included in end-user telecommunications revenue.⁵⁰ Several commenters argue that the language in the proposed instructions would alter Commission policy with respect to Internet and Internet Protocol (IP) telephony and that the Commission should not effect such a change without a more developed record of comment.⁵¹ Further, certain commenters state the Commission may not alter its

⁴⁷ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, Appendix B, Proposed Telecommunications Reporting Worksheet, Line 409 and Proposed Instructions. See also 47 U.S.C. § 255.

⁴⁸ See, e.g., Blooston Comments at 9; GTE Comments at 3-4.

⁴⁹ See *Implementation of Section 255 of the Telecommunications Act of 1996, Access to Telecommunications Services, Telecommunications Equipment, and Customer Premises Equipment by Persons with Disabilities*, Notice of Proposed Rulemaking, FCC 98-55, WT Docket No. 96-198 (rel. Apr. 20, 1998).

⁵⁰ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, Appendix B, Proposed Telecommunications Reporting Worksheet and Instructions at 19365-66.

⁵¹ See, e.g., IDT Comments at 9-10; USF Coalition Comments at 11-13.

treatment of Internet and IP telephony without adequate notice and comment opportunity under the Administrative Procedure Act, which these commenters find lacking in this instance.⁵² These commenters each oppose the inclusion of revenues derived from Internet and IP telephony as a general matter.⁵³ Bell Atlantic, alternatively, counters that the language in the proposed Instructions does not constitute a change in Commission policy toward Internet and IP telephony and that the Commission should not exempt such revenues from the contributions base.⁵⁴

b. Discussion

21. As noted by certain commenters, this Commission in its *April 10, 1998 Report to Congress* considered the question of contributions to universal service support mechanisms based on revenues from Internet and Internet Protocol (IP) telephony services.⁵⁵ We note that the Commission, in the Report to Congress, specifically decided to defer making pronouncements about the regulatory status of various forms of IP telephony until the Commission develops a more complete record on individual service offerings.⁵⁶ We, accordingly, delete language from the instructions that might appear to affect the Commission's existing treatment of Internet and IP telephony. Since we do not effect any substantive change on this issue, we need not address commenter concerns about proper notice under the Administrative Procedures Act.

4. Proposed Changes to the Reporting Requirements and Contribution Obligations

a. Background

22. Various commenters took the opportunity to suggest changes that would implicate the reporting requirements and underlying contribution obligations. For example, a number of commenters urge the Commission to drop the requirement, stated in the proposed instructions, that each legal entity, including each affiliate or subsidiary of an entity, must complete and file separately a copy of the attached Telecommunications Reporting Worksheet.⁵⁷ Similarly, certain

⁵² See, e.g., IDT Comments at 9; Blooston Reply Comments at 5; GTE Reply Comments at 5; RSL Reply Comments at 2.

⁵³ See, e.g., Qwest Reply Comments at 1-2.

⁵⁴ See, e.g., Bell Atlantic Reply Comments at 4.

⁵⁵ See, e.g., USF Coalition Comments at 11. See also *Federal-State Joint Board on Universal Service*, Report to Congress, FCC 98-67, CC Docket No. 96-45 (rel. Apr. 10, 1998) (*April 10, 1998 Report to Congress*).

⁵⁶ See *April 10, 1998 Report to Congress*, ¶¶ 83-93.

⁵⁷ See, e.g., Bell Atlantic Comments at 3-4; BellSouth Comments at 10; GST Comments at 15-17; MediaOne Comments at 3; Omnipoint Comments at 1-2. *Contra* MCI Reply Comments at 8. See also *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, Appendix B, Proposed Telecommunications

commenters ask the Commission to change the requirement, reflected in the proposed instructions, that contributors have documented procedures to ensure that they report revenues from entities that do not contribute to the universal service support mechanism, *e.g.*, revenues from carriers that qualify for the *de minimis* exemption.⁵⁸ Other commenters ask the Commission to strike language that effectively requires carriers that provide only international service to contribute to the mechanisms, if the carriers are affiliated with a carrier that provides interstate services.⁵⁹

23. Several commenters object to the specific revenue breakout, included in the proposed Telecommunications Reporting Worksheet, to collect information on charges that are designated by telecommunications carriers as universal service charges.⁶⁰ Further, these commenters argue that is improper for the proposed worksheet to include those surcharges as telecommunications revenue.⁶¹

24. Two international carriers ask the Commission to clarify that contributions to the universal service support mechanisms based on international revenues should include only international revenues derived from domestic end users.⁶² Moreover, these commenters state that it is unclear whether carriers will be "allowed to exclude revenues derived from services billed in a foreign point or whether carriers would be required to contribute based on revenues -- other than settlement receipts -- from both U.S.-billed traffic and foreign-billed traffic."⁶³

b. Discussion

25. We decline to adopt these recommendations at this time. With respect to commenters' suggestions that we alter the instructions for filing by each legal entity, for tracking

Reporting Worksheet and Instructions at 19350.

⁵⁸ *See, e.g.*, Bell Atlantic Comments at 3 n.5; BellSouth Comments at 5-6; USTA Comments at 3; SBC Reply Comments at 4. *See also Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, Appendix B, Proposed Telecommunications Reporting Worksheet and Instructions, at 19362-63.

⁵⁹ *See, e.g.*, IDT Comments at 12-15; USF Coalition Comments at 7; MCI Reply Comments at 3. *See also Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, Appendix B, Proposed Telecommunications Reporting Worksheet and Instructions, at 19352, 19363.

⁶⁰ *See, e.g.*, GTE Comments at 2; Sprint Comments at 5-6; Blooston Reply Comments at 2. *See also Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19307 and Appendix B, Proposed Telecommunications Reporting Worksheet, Line 215.

⁶¹ *See, e.g.*, Blooston Reply Comments at 2-3. *Accord* Sprint Comments at 6.

⁶² *See* USF Coalition Comments at 8-9; IDT Comments at 11-12.

⁶³ IDT Comments at 11-12.

revenue from non-contributing resellers, and for reporting revenue where affiliates have interstate revenues, each of these policies was previously incorporated in the relevant worksheets and furthers a particular accounting or auditing goal. We observe that none of these policies were highlighted in the Notice because our primary goal in this proceeding was to facilitate the consolidation of the various contributor reporting requirements into one worksheet, not to revisit each underlying decision.⁶⁴ While some of these proposals may have merit, we decline to adopt changes to these practices here.

26. Regarding the treatment of the universal service surcharges, we do not reconsider, in this Order, our current practice of including these charges as telecommunications revenue. This practice is consistent with the treatment currently afforded in the Universal Service Worksheet and with the treatment of surcharges generally in the worksheets for other support and cost recovery mechanisms. We observe that the Commission is considering issues concerning universal service surcharges in several other proceedings, including the specific issue of whether universal service surcharges should be counted as revenue from telecommunications services.⁶⁵ Accordingly, we defer consideration of this issue here and will take further steps based on the outcomes of these other proceedings.

27. We similarly decline invitations to render pronouncements about the treatment of particular international service offerings. As stated above, and with specifically stated exceptions, we do not intend to use this proceeding to redefine those services whose revenues are included in the contribution bases. We note that the Commission is considering issues substantially similar to those raised by IDT and USF Coalition in the context of petitions for clarification in the universal service proceeding. Those petitions seek the exclusion, from the universal service contribution base, of revenues derived from providing services that originate in foreign points and terminate in the United States.⁶⁶ Accordingly, we defer consideration of these issues to that proceeding. Pending a Commission ruling on these petitions, interstate carriers should continue to report their international revenue from domestic end users, as directed in the worksheet instructions.⁶⁷

⁶⁴ We also decline, as outside the stated scope of the proceeding, the suggestion of American Public Communications Council, which asks the Commission to use the Telecommunications Reporting Worksheet to calculate annual regulatory fees and bill contributors directly. *See* APCC Comments at 3.

⁶⁵ *See Division Announces Release of Revised Universal Service Worksheet, FCC Form 457*, Public Notice, DA 98-1519, CC Docket Nos. 97-21, 96-45 (rel. July 31, 1998), *recon. pending*. *See also Truth-in-Billing and Billing Format*, Notice of Proposed Rulemaking, FCC 98-232, CC Docket No. 98-170 (rel. Sept. 17, 1998); *Federal-State Joint Board on Universal Service*, Order and Order on Reconsideration, FCC 98-160, CC Docket No. 96-45 (rel. July 17, 1998).

⁶⁶ *See Petitions for Waiver of Section 54.703 Filed by: Gateway USA Holding Company, Inc., Cosmos Telecom Marketing, Inc., Sitel, Inc., Microdevices Worldwide Inc., Startec Global Communications Corporation*, Public Notice, DA 98-865 CC Docket No. 96-45, 13 FCC Rcd 9420 (rel. May 8, 1998).

⁶⁷ *See Universal Service Order*, 12 FCC Rcd 8776, 9174; 47 C.F.R. § 54.709(a)(1).

D. Timing Issues

1. Background

28. In the *Contributor Reporting Requirements Notice*, the Commission observed that under current practice the worksheets for the universal service, TRS, and NANP mechanisms are due at different times of the year.⁶⁸ The Commission proposed that carriers would be able to file the new, consolidated worksheet at one time, to satisfy all three reporting requirements, as well as the requirements associated with the shared costs of local number portability.⁶⁹ The Commission also noted that its universal service rules require subject carriers and service providers to file data twice per year and did not propose to eliminate the second filing.⁷⁰

2. Discussion

a. Uniform Filing Date

29. Consolidating the multiple existing filings into the Telecommunications Reporting Worksheet will reduce the number of times that carriers will need to assemble data and report it. The rules for universal service, TRS, NANP and local number portability currently do not specify a particular date for the filing of contributor reporting requirements; instead, the Bureau determined the filing date, after consultation with the respective administrators.⁷¹ We maintain this practice, but direct the Bureau to utilize a single filing date for the Telecommunications Reporting Worksheet for the purposes of universal service, TRS, NANP, and local number portability.⁷² Our decision to adopt a single filing date is bolstered by all of the commenters to address this proposal.⁷³

30. Since we adopt the first iteration of the Telecommunications Reporting Worksheet in this order, we direct that, for the first year's filing, the Telecommunications Reporting Worksheet should be filed on April 1st. Requiring filers to submit their completed

⁶⁸ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19309 n.60.

⁶⁹ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19309-10.

⁷⁰ *Id.*

⁷¹ See, e.g., *1999 TRS Fund Worksheet Order*, Appendix A; *1999 NANP Funding Worksheet Notice*, 13 FCC Rcd 17888.

⁷² Agent for service of process data required pursuant to section 413 of the Act is not necessarily filed at one time of the year, but at the time the carrier changes its agent for service of process in the District of Columbia. This requirement will remain unchanged. See 47 C.F.R. § 1.47(h).

⁷³ See, e.g., AT&T Comments at 1; BellSouth Comments at 3; CTIA Comments at 2; USCC Comments at 1-2.

Telecommunications Reporting Worksheets on April 1st of each year will best balance the needs of carriers and other providers who must file the worksheet with the interests of the administrators and the Commission who must verify data and calculate contributions.⁷⁴ Most firms have closed their books for the prior calendar year in February or March. Thus, we conclude that an April 1st filing date should allow most reporting carriers to prepare their submissions using audited data from closed books of account.

31. We clarify that the new Telecommunications Reporting Worksheet will become effective upon approval by the Office of Management and Budget (OMB), but not less than thirty days from publication in the Federal Register. It is our intention that contributors to the universal service support mechanisms should use the streamlined Form 499-S version (FCC Form 499S) to satisfy the September 1, 1999 universal service filing. However, because we are required to seek approval from the Office of Management and Budget for this revised information collection, it is possible that the new form may not be available for use for the September 1999 filing. We direct the Bureau to announce by Public Notice whether contributors should file the new September version or whether contributors should file, for a final time, the existing Universal Service Worksheet. For the purposes of TRS, NANP, LNP, universal service, the Form 499-A version of the worksheet will be used to satisfy the April 1, 2000 filing. In addition, the worksheet will be available to be used by carriers to satisfy their section 413 obligations concerning agents for service of process, discussed *supra*,⁷⁵ as soon as it is approved by OMB, but not less than thirty days after publication in the Federal Register. This timeframe should give administrators sufficient time to prepare their systems for the new worksheet and should give filers sufficient time to become familiar with the new worksheet.

b. September 1st Filing Date for Universal Service Support Mechanisms

32. The Commission observed, in the Notice, that while the adoption of a single Telecommunications Reporting Worksheet makes possible a single filing date, the universal service rules require that contributors file data twice a year so that the Commission can develop contribution factors using relatively current information.⁷⁶ The Commission did not, in the Notice, propose to disturb this procedure.⁷⁷ We therefore decline the invitations of USTA and other commenters to eliminate the September 1st filing for universal service purposes.⁷⁸ As the Commission made clear in the Notice, elimination of the September 1st filing is beyond the scope

⁷⁴ See USAC Comments at 2.

⁷⁵ See Section III. B.

⁷⁶ See *Universal Service Second Order on Reconsideration*, 12 FCC Rcd 18400, ¶ 80.

⁷⁷ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19309-10.

⁷⁸ See, e.g., USTA Comments at 3; Blooston Reply Comments at 7; BellSouth Reply Comments at 3; GST Comments at 17.

of this proceeding.

33. We do conclude, as GTE suggests, that a more streamlined form is acceptable for the September 1st filing.⁷⁹ Accordingly, we adopt a "short form" for purposes of the September 1st filing that will omit data that is not essential for the mid-year calculation of universal service contributions. For example, items related solely to the local number portability filing will be dropped from this short version of the worksheet. Further, the September 1st version of the Telecommunications Reporting Worksheet will seek less revenue detail than that requested in the April version. To that end, we conclude that having carriers provide detailed revenue data once each year is sufficient to identify under-reporting of specific types of revenues or inadequate assignment of specific types of revenues. Since USAC calculates second half revenues by subtracting the September 1 first-half filed revenue from the April 1 whole-year revenue, errors in the first-half reporting are automatically adjusted so that the whole-year revenue is correct. Thus, by obtaining the detailed revenue data in the April filing, the Commission will still have the type of information needed to ensure that individual carriers and industry segments are contributing to the universal service support mechanisms on a fair and equitable basis. Overall, we expect that this modification will result in appreciable reductions in time to complete the form and in administrative costs.

E. Filing Location(s)

1. Background

34. In the *Contributor Reporting Requirements Notice*, the Commission proposed that carriers file the Telecommunications Reporting Worksheet at only one location.⁸⁰ The Commission noted that this proposal would require administrators to coordinate and share contributor data.⁸¹ The Commission proposed to allow administrators to share contributor data for this purpose and sought comment on whether the Commission would need to take any additional steps to ensure that administrators have adequate ability to coordinate this process.⁸²

2. Discussion

35. We conclude that subject carriers and service providers need only file one copy of their completed Telecommunications Reporting Worksheet, rather than separate copies with each administrator. The majority of commenters encourage the Commission to permit carriers to file one copy of the form at one address and we conclude that this action will further simplify our

⁷⁹ See, e.g., GTE Comments 6.

⁸⁰ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19310.

⁸¹ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19310.

⁸² See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19310.

reporting requirements and will lower their administrative costs.⁸³ As discussed below, we facilitate a single filing location by instructing the administrators to develop procedures for collecting, validating, and distributing the contributor data provided in the new Telecommunications Reporting Worksheet.⁸⁴

F. Procedures for Future Changes to the Telecommunications Reporting Worksheet

1. Background

36. In the *Universal Service Second Order on Reconsideration*, the Commission delegated authority to the Bureau to waive, reduce, or eliminate the contributor reporting requirements associated with the universal service support mechanisms.⁸⁵ The Bureau was also delegated authority to require any additional contributor reporting requirements necessary to the sound and efficient administration of the universal service support mechanisms.⁸⁶ In the cases of TRS and numbering administration, the Bureau has regularly issued the annual worksheets to gather the necessary contributor data.⁸⁷

37. To make clear that the Bureau should continue to handle administrative details associated with issuing the worksheets, in the *Contributor Reporting Requirements Notice*, the Commission proposed to delegate authority to make future changes to the Telecommunications Reporting Worksheet to the Chief of the Common Carrier Bureau.⁸⁸ The Commission stated that certain changes in the worksheet would be necessary as an ordinary matter and sought comment on its proposal to amend its rules for the TRS Fund, NANP administration, local number portability administration, and universal service support mechanisms to include a specific delegation of authority to make future changes to the combined worksheet.

⁸³ See, e.g., AT&T Comments at 1; BellSouth Comments at 3; CTIA Comments at 2; SBC Comments at 1.

⁸⁴ See Section III. G. (discussing data entry of the Telecommunications Reporting Worksheet). The Bureau will announce by Public Notice the location for filing the April 2000 Telecommunications Reporting Worksheet.

⁸⁵ See *Universal Service Second Order on Reconsideration*, 12 FCC Rcd at 18442. See also 47 C.F.R. § 54.711(c).

⁸⁶ See *Universal Service Second Order on Reconsideration*, 12 FCC Rcd at 18442.

⁸⁷ See, e.g., *1999 TRS Fund Worksheet Order*, Appendix A; *1999 NANP Funding Worksheet Notice*, 13 FCC Rcd 17888.

⁸⁸ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19319-20.

2. Discussion

38. We adopt our proposal and delegate authority to make future changes to the Telecommunications Reporting Worksheet to the Chief of the Common Carrier Bureau.⁸⁹ As noted above, the Bureau already has broad authority to waive, reduce, or eliminate the contributor reporting requirements for universal service, and the Bureau has latitude with respect to the administration of the NANP, LNP, and TRS contributor reporting requirements. These delegations extend to administrative aspects of the requirements, *e.g.*, where and when worksheets are filed, incorporating edits to reflect Commission changes to the substance of the mechanisms, and other similar details. Our decision to leave the bulk of these administrative tasks to the Bureau is generally supported by commenters addressing this issue.⁹⁰

39. So that these delegations are consistent, we amend the Commission's rules to grant the Common Carrier Bureau delegated authority, in keeping with the current delegation for universal service purposes, to waive, reduce, modify, or eliminate the contributor reporting requirements for the TRS, LNP, and NANP mechanisms, as necessary to preserve the sound and efficient administration of these support and cost recovery mechanisms.⁹¹ We specify that the Bureau has the authority to "modify" these reporting requirements as a matter of clarification, because we believe that this authority is implied within the existing grant. The continued delegation of these tasks to the Bureau was generally supported by commenters addressing this proposal.⁹² We reaffirm that this delegation extends only to making changes to the administrative aspects of the reporting requirements, not to the substance of the underlying programs.⁹³

G. Information Sharing and Delegation of Data Entry Functions Between Administrators

1. Background

40. The Commission proposed to permit the sharing among the TRS, universal service, NANP, and local number portability administrators of certain revenue and contact

⁸⁹ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19319-20.

⁹⁰ See, *e.g.*, Ameritech Comments at 2-3; Blooston Comments at 19; RTC Comments at 3.

⁹¹ See Appendix B, Rules Amended.

⁹² See, *e.g.*, Blooston Comments at 19; CTIA Comments at 2 (suggesting that authority be delegated jointly to the Wireless Telecommunications Bureau and the Common Carrier Bureau); RTC Comments at 3.

⁹³ We expect that the Bureau will continue to consult with the Wireless Telecommunications Bureau when issuing and making changes to the Telecommunications Reporting Worksheet so as to be cognizant of the unique concerns of wireless carriers. See, *e.g.*, CTIA Comments at 2; PCIA Comments at 8; Blooston Reply Comments at 10.

information provided by contributors.⁹⁴ The Commission stated in the Notice that this proposal would permit administrators to cross-check filed data and collection information where contributors are required to file for more than one purpose. The Commission observed that, currently, the administrators for the TRS, universal service, and NANP mechanisms generally are not permitted to use data obtained from contributors for any purpose unrelated to their administration of the mechanism.⁹⁵ The Commission noted that the Commission, by temporary waiver of its rules, has created a limited exception that allows the TRS administrator to make available, and the universal service administrator to use, TRS contribution revenue information to compare revenue information provided by contributors on the Universal Service Worksheet.⁹⁶

41. The Commission proposed to authorize each of the four administrators to engage in similar sharing arrangements.⁹⁷ The Commission tentatively concluded that the administrators would benefit significantly from this flexibility and that this proposal would reduce audit costs and increase the reliability of data on which contributions to these mechanisms are based. The Commission tentatively concluded that all sharing arrangements entered into among administrators would have to provide that the administrators will comply with requests for confidential treatment of their data.⁹⁸

42. In the Notice, the Commission also sought comment on whether such sharing agreements would allow administrators to delegate certain functions, such that, for example, one administrator might fulfill data entry and verification functions for more than one mechanism.⁹⁹ To this end, the Commission proposed to limit any such arrangements to ensure that proprietary information is not used for any improper purpose. The Commission proposed to require that any such agreements be approved by the Chief of the Common Carrier Bureau.¹⁰⁰

⁹⁴ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19320-22. We note that in the *Contributor Reporting Requirements Notice*, and elsewhere in this Order, we refer to this revenue and contact information as "billing and collection information."

⁹⁵ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19320-21. See, e.g., 47 C.F.R. § 64.604(c)(4)(iii)(I) ("[t]he administrator shall not use such data except for purposes of administering the TRS Fund, calculating the regulatory fees of interstate common carriers, and aggregating such fee payments for submission to the Commission."); 47 C.F.R. § 54.711(b); 47 C.F.R. § 52.16(c).

⁹⁶ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19320-21 (also noting that the Commission has proposed, in another proceeding, to amend its rules to permit the universal service administrator to review TRS data to verify revenue information provided by contributors to the universal service support mechanisms).

⁹⁷ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19320-22.

⁹⁸ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19322.

⁹⁹ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19321-22.

¹⁰⁰ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19321-22.

2. Discussion

43. We amend our rules to allow the administrators to share confidential contributor information with one another for the purposes of comparing individual contributors' revenue, contact, and payment history information. This change is supported by each of the four administrators and is widely supported by commenters.¹⁰¹ Based on our experience with the limited sharing provisions currently allowed under our rules and on the record in this proceeding, we conclude that the ability to share contributor data will assist the administrators in monitoring compliance with the contribution requirements by revealing inconsistencies between revenue data reported to the different administrators. This sharing of information will also enhance the administrators' performance of their collection functions and thereby better ensure the integrity and efficient administration of the support and cost recovery mechanisms. Moreover, we amend our rules to ensure that such information cannot be used for purposes unrelated to the administration of the mechanisms; thus, ensuring proper treatment of confidential contributor information.¹⁰²

44. Starting with the April 2000 filing of the consolidated worksheet, the administrators will have a practical need to share carrier-provided information because we direct in this order that filers need only submit one copy of their completed worksheets.¹⁰³ Rather than mandate particular data sharing procedures, we order the administrators to develop efficient and effective procedures for collecting, validating, and distributing the centrally-filed contributor data amongst themselves. We expect, for example, that it might be more cost effective to have one administrator perform the data entry and preliminary verification functions for more than one of the support and cost recovery mechanisms. Whatever their decision, we direct the administrators to file with the Bureau, within 90 days after release of this order, a summary of their proposed procedures for distributing the data from the worksheet.

45. We conclude that the costs of collecting, validating, and distributing the carrier-provided information -- and, any savings derived from consolidating redundant administrative tasks -- should be allocated equitably among the administrators. Accordingly, we order the administrators to include in their filed summary a description of how related costs will be equitably apportioned. We delegate to the Bureau the authority to review the administrators' summary, including the proposed cost allocation plan.

46. To preserve the integrity of the support and cost recovery mechanisms, it is important to ensure that all contributor data is collected. We thus expect that the summarized

¹⁰¹ See, e.g., NECA Comments at 4; NBANC Comments at 5; USAC Comments at 4; Ameritech Comments at 3; MCI Comments at 4; SBC Comments at 1.

¹⁰² See Section III.H. (concerning Confidentiality Issues).

¹⁰³ See Section III.E. (discussing the filing location for the consolidated worksheet). The Bureau will announce by Public Notice the location for filing the April 2000 Telecommunications Reporting Worksheet.

procedures should reflect the administrators' commitment to ensuring that all required data is collected and validated.

H. Additional Confidentiality Issues

1. Background

47. The Commission proposed, as currently allowed under the Universal Service Worksheet, to permit carriers filing the Telecommunications Reporting Worksheet to certify that the revenue data contained in their submissions are privileged or confidential commercial or financial information and that disclosure of such information would likely cause substantial harm to the competitive position of the entity filing the worksheet.¹⁰⁴ The Commission proposed that carriers be able to make this certification on their Telecommunications Reporting Worksheet and request Commission nondisclosure of information contained in the worksheet by checking a box on the Worksheet, in lieu of submitting a separate request pursuant to section 0.459 of the Commission's rules.¹⁰⁵ The Commission stated that if it were to receive a request for or propose to disclose the information, the carrier would be required to make the full showing that the rules require in a request for withholding from public inspection information submitted to the Commission.¹⁰⁶ The Commission sought comment on this proposal.

2. Discussion

48. We adopt our proposal to permit carriers filing the Telecommunications Reporting Worksheet to certify that the revenue data contained in their submissions are privileged or confidential commercial or financial information and that disclosure of such information would likely cause substantial harm to the competitive position of the entity filing the worksheet.¹⁰⁷ As proposed, we amend our rules so that filers will be able to make this certification on their Telecommunications Reporting Worksheet and request Commission nondisclosure of information contained in the worksheet simply by checking a box on the worksheet, in lieu of submitting a separate request pursuant to section 0.459 of the Commission's rules. This proposal is widely supported by carriers, many of whom indicate their desire to seek nondisclosure of the revenue

¹⁰⁴ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19322.

¹⁰⁵ *Id.* See also 47 C.F.R. § 0.459.

¹⁰⁶ See 47 C.F.R. § 0.459.

¹⁰⁷ See Appendix D, Telecommunications Reporting Worksheet. We note that Blooston requests that the Commission grant confidential treatment for other information on the worksheet, such as the facsimile numbers and e-mail addresses of the contact persons. Any such request for confidential treatment would have to be separately pleaded pursuant to section 0.459. 47 C.F.R. § 0.459. We note, however, that the Commission does not plan to routinely release this information.

data included in the worksheet.¹⁰⁸ Based on these comments and on our experience with the Universal Service Worksheet, we believe that such a certification will provide an extra level of convenience that will reduce the burdens associated with this reporting requirement.

49. We make clear, however, that simply requesting confidential treatment by means of this check-box does not necessarily entitle the filer to nondisclosure. Indeed, if the Commission is to receive a request for disclosure of the information on the worksheets, or if the Commission proposes to disclose the information, the filer would be required to make the full showing required under our rules.¹⁰⁹ For example, we expect that the Commission would be disinclined to withhold information related to the size of an individual carrier's contribution (information which third parties could potentially use to estimate that carrier's revenues) in an enforcement action against a carrier for failure to make a required contribution to one of the support or cost recovery mechanisms.¹¹⁰

50. In light of our decision to allow administrators to share contributor revenue data, we take additional measures to ensure the nondisclosure of confidential submissions. We accordingly modify our rules to extend each administrator's confidentiality obligations to the data obtained from other funds. Moreover, we amend our rules to ensure that the administrators shall only use contributor data -- whether obtained directly from contributors or from administrators -- for the purpose administering the support and cost recovery mechanisms.¹¹¹ We recognize that several commenters express concern over the protection of confidential information, but no commenter offers us any evidence to contradict our belief that the administrators have been effective, thus far, in maintaining the confidential nature of the revenue data that are currently filed.¹¹² Nor does any commenter indicate that the limited sharing agreement in effect between the TRS and the universal service administrators has led to any greater risk of disclosure. Further, we observe that since all four administrators will use essentially the same revenue information, as filed in the Telecommunications Reporting Worksheet, permitting sharing of information between administrators does not appear to present a greater risk of improper disclosure. We conclude

¹⁰⁸ See, e.g., BellSouth Comments at 8; Blooston Comments at 10; GST Comments at 18; MCI Comments at 4; USTA Comments at 4.

¹⁰⁹ See 47 C.F.R. § 0.459. See also *Examination of Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, FCC 98-184, GC Docket No. 96-55 (rel. Aug. 1998) (listing the showings required in a request that information be withheld and stating that the Commission may defer action on such requests until a formal request for public inspection has been made).

¹¹⁰ See, e.g., *Operator Communications, Inc., Apparent Liability for Forfeiture*, Notice of Apparent Liability for Forfeiture, FCC 98-197, File No. ENF-98-07, NAL/Acct. No. 816EF0005, ¶ 4 n.13 (rel. Aug. 14, 1998).

¹¹¹ We note that the TRS rules enable the TRS administrator to use data obtained from contributors to be used for calculating the regulatory fees of interstate common carriers, and aggregating such fee payments for submission to the Commission. We do not alter these provisions.

¹¹² See, e.g., Sprint Comments at 4; Star Comments at 4; MCI Comments at 4.

that, by restricting disclosure and limiting the use of contributor-provided information, our rules will be sufficient to prevent the unauthorized disclosure of confidential data.

I. Electronic Filing

1. Background

51. In the Notice, the Commission proposed to require the administrators to provide for and encourage electronic filing of the consolidated form.¹¹³ The Commission stated that electronic filing reduces data entry expenses for the administrator, reduces confusion, and might allow some mistakes to be detected before carriers file data. The Commission stated that this proposal is consistent with the directives of the Office of Management and Budget (OMB).¹¹⁴ The Commission stated its expectation that any transition to an electronic filing system would require considerable coordination between the administrators, the telecommunications industry, and the Commission, and it sought comment on the nature and extent of the administrative costs to implement an electronic filing system.¹¹⁵ In addition, the Commission expressed its commitment to making electronic filing and other electronic applications accessible to persons with disabilities to the fullest extent possible.¹¹⁶

2. Discussion

52. We conclude, based on our experience in other proceedings, that making available an electronic filing system for the Telecommunications Reporting Worksheet may allow filers and administrators to reduce costs and improve accuracy. Accordingly, we take initial steps in this proceeding to develop and move to an electronic filing system. We expect, however, that the costs and benefits of an electronic filing system can vary significantly depending on the design of the system. Indeed, in light of the complexities raised in the record by both carriers and administrators, we conclude that it is imperative for the development of and the transition to an eventual electronic filing system to be conducted with great involvement from the administrators and carriers.¹¹⁷

53. As an initial step, we direct the administrators to assess and report to the Bureau,

¹¹³ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19322-23.

¹¹⁴ See Notice of Office of Management and Budget Action, OMB No. 3060-0536 (Feb. 24, 1998) (approving the TRS Worksheet and stating OMB "encourages the FCC to adopt electronic filing for this collection . . .").

¹¹⁵ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19323.

¹¹⁶ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19323 (noting that electronic filing is subject to program accessibility requirements of section 1.850 of our rules, 47 C.F.R. § 1.850).

¹¹⁷ See, e.g., MCI Comments at 5; GTE Comments at 4; Blooston Reply Comments at 7-9.

within 180 days of the release of this order, on the feasibility of implementing electronic filing. We expect the administrators to address the potential start-up and on-going operating costs to the administrators and carriers of an electronic system. The administrators should also address measures and costs associated with ensuring the accuracy and security of filed contributor data. We agree with those commenters that state that any proposal for electronic filing should not require expensive start-up costs for filers.¹¹⁸ Moreover, we conclude that any electronic filing proposal must satisfy a cost-benefit analysis and instruct the administrators to conduct such an analysis. Finally, we restate our commitment to making electronic filing and other electronic applications accessible to persons with disabilities to the fullest extent possible.¹¹⁹ Therefore, the administrators' report should address their ability -- both now and on a continuing basis -- to make electronic systems accessible to persons with disabilities.

IV. CONTRIBUTIONS TO TRS AND NANPA MECHANISMS

A. Overview

54. In this section, we adopt our proposals to alter the revenue bases for the TRS and NANP mechanisms so that end-user telecommunications revenues will be used to calculate contributions for all four mechanisms. In addition, we also alter the current practices for assessing minimum contributions to the TRS and NANP mechanisms to lessen regulatory burdens on small carriers and telecommunications service providers. We conclude that these modifications will not only fulfill the statutory directives which authorize these contributions, but will also further the deregulatory goals of the Act by rationalizing the multiple obligations imposed on regulated communications companies.

55. As a preliminary matter, we reject MCI's procedural argument that the Commission may not alter the revenue base or minimum contributions rules because it did not give adequate notice of these changes.¹²⁰ There is no dispute that these proposed changes were expressly noticed in the *Contributor Reporting Requirements Notice*. Indeed, MCI does not appear to claim that the *Contributor Reporting Requirements Notice* itself is insufficient, but instead argues that because the Commission proposed these changes in a different docket than the underlying dockets, the Commission has not given adequate notice to the parties in the underlying proceedings.¹²¹ We disagree. Section 553(b) of the Administrative Procedures Act (APA) requires that an agency afford interested parties adequate notice of, and an opportunity to

¹¹⁸ See, e.g., Blooston Comments at 15-16; MCI Comments at 5.

¹¹⁹ Electronic filing is subject to the program accessibility requirements of section 1.850 of our rules. 47 C.F.R. § 1.850. See also Workforce Investment Act of 1998, P.L. No. 105-220, 112 Stat. 936 (Aug. 7, 1998).

¹²⁰ See MCI Comments at 2-4; MCI Reply Comments at 2-3.

¹²¹ MCI Comments at 3 ("[T]he Commission has failed to provide notice to parties in open dockets in which these funds were created, in violation of the APA.").

comment on, the provisions that appear in the agency's final regulations.¹²² Courts have interpreted this to require that an agency provide "sufficient factual detail and rationale for the rule to permit interested parties to comment meaningfully."¹²³ The *Contributor Reporting Requirements Notice* appeared in the Federal Register, and it contained adequate, indeed explicit, notice of the provisions we adopt today. We also observe that the caption to this docket specifically references the four underlying mechanisms; a point which we believe is not essential to satisfy the requirements of the APA, but that further undercuts MCI's claim that it did not have adequate notice of these proposals. Moreover, MCI cannot claim any actual lack of notice, as it has participated fully in this proceeding, filing both initial and reply comments. Accordingly, we believe that no further notice is required to comply with the notice provisions of the APA.

B. Basis for Assessing Contributions

1. Background

56. In choosing a particular revenue basis, the Commission selects the category of revenues that will be used to allocate carriers' contributions. Contributions to the TRS and NANP mechanisms are currently based on contributors' share of gross telecommunications revenues¹²⁴ and net telecommunications revenues,¹²⁵ respectively. In the *Contributor Reporting Requirements Notice*, the Commission proposed to change the revenue basis for contributions to the TRS and NANP mechanisms, so that contributors would base their contributions on end-user telecommunications revenue.¹²⁶ End-user telecommunications revenue consists of telecommunications revenues that carriers collect from end users and includes revenues such as those derived from subscriber line charges and from carriers that purchase telecommunications services for their own internal use.¹²⁷ In the Notice, the Commission tentatively concluded that

¹²² 5 U.S.C. § 553.

¹²³ *Florida Power & Light Co. v. United States*, 846 F.2d 765, 771 (D.C. Cir. 1988), *cert. denied*, 490 U.S. 1045 (1989).

¹²⁴ 47 C.F.R. § 64.604(c)(4)(iii)(A). *See TRS Third Report and Order*, 8 FCC Rcd 5300, ¶¶ 12-16. Gross telecommunications revenues consist of telecommunications revenues that carriers collect from all sources, including end-user revenue and revenue from services provided to other carriers for resale.

¹²⁵ 47 C.F.R. § 52.17. *See Local Competition Second Report and Order*, 11 FCC Rcd at 19541. As defined for purposes of NANP, net telecommunications revenues consist of gross revenues from provision of telecommunications services reduced by all payments for telecommunications services and facilities that have been paid to other telecommunications carriers. *See* 47 C.F.R. § 52.17(b).

¹²⁶ *See Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19311-14.

¹²⁷ For purposes of universal service, end-user telecommunications revenues generally includes revenues derived from non-contributors, including carriers that fall within the *de minimis* exemption and entities that are otherwise exempt, such as Internet service providers, broadcasters, systems integrators that derive less than five percent of their systems integration revenues from telecommunications, and non-profit schools, colleges,

changing the funding basis to end-user telecommunications revenue would reduce burdens overall for carriers because it would mean using the same methodology for each of the four support or cost recovery mechanisms addressed in the *Contributor Reporting Requirements Notice*.

57. For the purposes of NANP, the Commission also proposed that carriers that provided telecommunications service during the base year with no end-user telecommunications revenue be required to make a fixed contribution of one hundred dollars (\$100) to the NANP cost recovery mechanism. The Commission tentatively concluded that assessing this sum would satisfy the statutory language of section 251(e)(2) and at the same time would not be economically burdensome for these primarily-large carriers that serve other carriers.¹²⁸

2. Discussion

58. In light of the Commission's experience since adopting revenue bases for TRS and NANP and in light of our efforts to streamline contributor reporting requirements, we modify our rules for contributions to the TRS and NANP mechanisms so that contributions will be based on end-user telecommunications revenues. Basing contributions to these mechanisms on end-user telecommunications revenue will effectively carry out the statutory mandates in section 225 and 251 for financing of TRS and NANP.¹²⁹ In addition to fulfilling the statutory directives, moving to an end-user telecommunications revenue basis will reduce carriers' administrative expenses associated with these reporting requirements. Indeed, given our proposal to create a unified contributor collection worksheet, we believe that changing the funding basis to end-user telecommunications revenue will appreciably reduce administrative burdens overall for carriers.

59. Basing contributions on end-user telecommunications revenues is consistent with the statutory language of section 225 and its requirement that "costs caused by interstate telecommunications relay services shall be recovered from all subscribers for every interstate service."¹³⁰ As the Commission determined in the *TRS Third Report and Order*, recovering interstate relay costs from all common carriers that provide interstate service on the basis of their

universities, libraries, and rural health care providers. *See Federal-State Joint Board on Universal Service; Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge*, Fourth Order on Reconsideration, FCC 97-420, CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72 (rel. Dec. 30, 1997); *Federal-State Joint Board on Universal Service*, Report to Congress, FCC 98-67, CC Docket No. 96-45, ¶¶ 66-67 n.133 (rel. Apr. 10, 1998); Instructions for Completing the Worksheet for Filing Contributions to the Universal Service Support Mechanism, FCC Form 457, at 18. *But see Universal Service Order*, 12 FCC Rcd 8776, 9186 (explaining that carriers providing services exclusively to non-contributing government or public safety entities are not required to contribute).

¹²⁸ *See LNP Cost Recovery Order*, ¶¶ 113-114 (reaching same conclusion with respect to cost recovery for administration of long-term local number portability).

¹²⁹ *See* 47 U.S.C. §§ 225, 251(e).

¹³⁰ 47 U.S.C. § 225(d)(3)(B).

interstate revenues will accomplish this goal.¹³¹ End users are a reasonable proxy for subscribers, so collecting contributions from carriers based on revenue derived from end users satisfies section 225.

60. Similarly, collecting contributions to the NANP cost recovery on the basis of end-user telecommunications satisfies the requirements of section 251(e). Section 251(e) of the Act directs that "[t]he cost of establishing telecommunications numbering administration arrangements and number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission."¹³² As the Commission previously found in the *LNP Cost Recovery Order*, the end-user telecommunications revenue basis satisfies the section 251 directive that contributions be assessed on a competitively neutral basis.¹³³ In particular, the Commission found this basis to be competitively neutral because it does not give one service provider an appreciable, incremental cost advantage when competing for a subscriber. Further, basing contributions on end-user telecommunications revenues will prevent contributions to the NANP administration cost recovery from disparately affecting the ability of carriers to earn a normal return. We affirm this analysis and conclude that collecting contributions to the NANP administration cost recovery based on end-user telecommunications revenues will be competitively neutral.¹³⁴

61. Adopting an end-user telecommunications revenue basis for the TRS and NANP mechanisms will avoid the problem of double counting that is unavoidable with contributions based on gross telecommunications revenues. That is, a gross telecommunications revenue basis can disadvantage resellers by assigning contributions to the same service twice: once when the wholesale carrier collects revenue from the reseller, and again when the retail carrier collects

¹³¹ See *TRS Third Report and Order*, 8 FCC Rcd 5300, ¶ 12.

¹³² 47 U.S.C. § 251(e)(2). Even though there is no explicit statutory requirement to do so in section 225, we conclude that the principle of competitive neutrality is consistent with section 225 and that basing contributions to the TRS Fund on a competitively neutral mechanism would advance the intent embodied in the Congressional goal of "a pro-competitive, de-regulatory national policy framework." See Joint Explanatory Statement of the Committee of Conference, S. Conf. Rep. No. 230, 104th Cong., 2d Sess. 113 (1996).

¹³³ See *LNP Cost Recovery Order*, ¶¶ 106-107.

¹³⁴ See, e.g., BellSouth Comments at 4-5; IDT Comments at 16; Star Comments at 2-4. We note that several Bell Operating Companies argued to the United States Court of Appeals for the 8th Circuit that the net telecommunications revenue methodology would not be competitively neutral if states do not permit carriers to flow through their numbering administration costs in the prices that they charge their competitors for telecommunications services and facilities. *California v. FCC*, 124 F.3d 934 (8th Cir., 1997). The Court of Appeals ruled that petitioners' contentions were speculative and not ripe for review because no state had concluded that carriers could not include numbering administration charges in the prices for services or facilities sold to other telecommunications service providers. *Id.* at 944. Adoption of an end-user telecommunications revenue basis should moot this issue.

revenue from its customer.¹³⁵ In the *TRS Third Report and Order*, the Commission agreed that a gross telecommunications revenue basis would produce double counting but observed that the amount of double counting for TRS purposes would not be material.¹³⁶ At that time, the Commission concluded that, for TRS purposes, basing contributions on other revenue bases (*e.g.*, net telecommunications revenue or end-user telecommunications revenue) would require more information and administrator review and that "the cost of identifying double counting would probably exceed the contribution associated with any double counting."¹³⁷ Because most carriers now report this data for the purposes of universal service and long-term number portability, this concern has been rendered immaterial. Moreover, we believe that adopting a single reporting worksheet largely eliminates these concerns about added costs.

62. In choosing an end-user telecommunications revenue basis, we decline the suggestions of MCI that we use a net telecommunications revenue basis for all four support and cost recovery mechanisms. We consider MCI's proposal only in the context of the NANP and TRS mechanisms, because we stated clearly in the Notice that the revenue bases for universal service and number portability would not be addressed in this proceeding. We agree with MCI that the net telecommunications revenue basis is also competitively neutral and satisfies the requirements of section 251.¹³⁸ However, because section 251(e)(2) requires that we select a competitively neutral basis for contributions, but specifies no other criteria that must be used in the selection, we conclude that we have discretion under the statute to choose among competitively neutral mechanisms based upon other valid regulatory goals, such as administrative efficiency.¹³⁹ We conclude, as is amply supported in the record, that adopting an end-user telecommunications revenue basis will increase administrative efficiencies and reduce carrier confusion. As the Commission explained in the *Universal Service Order*, an end-user telecommunications revenue basis is administratively more efficient than a net telecommunications revenue basis.¹⁴⁰ Moreover, stated again, we expect that using the same funding basis for all four of the support and cost recovery mechanisms will reduce confusion and minimize the amount of

¹³⁵ Under this arrangement, resellers would be disadvantaged vis-a-vis non-resellers of the same retail service, because the resellers' prices would necessarily reflect the double payment of contributions for the same services.

¹³⁶ *TRS Third Report and Order*, 8 FCC Rcd 5300, ¶ 13 ("[T]he potential unfairness of double counting is not sufficient to justify excluding access or resale service from contribution.").

¹³⁷ *TRS Third Report and Order*, 8 FCC Rcd 5300, ¶ 13. We note that there is no explicit statutory requirement in section 225 that cost recovery for TRS be competitively neutral.

¹³⁸ *See, e.g.*, MCI Comments at 7-8. We make no specific finding about whether the net telecommunications revenue basis would satisfy section 225 because, even assuming that proposition to be true, we find that an end-user telecommunications revenue basis will be administratively more efficient, at this time.

¹³⁹ *See also LNP Cost Recovery Order*, ¶ 108.

¹⁴⁰ *See Universal Service Order*, 12 FCC Rcd at 9206.

information that we need to collect from contributors.¹⁴¹

63. We are unpersuaded by MCI's contention that the end-user telecommunications revenue method is not competitively neutral simply because it will attribute a greater portion of direct contributions to IXCs.¹⁴² As support for its proposal that the Commission utilize a net telecommunications revenue basis for NANP and TRS, MCI correctly observes that the portion of contributions paid by IXCs will likely increase, as compared to that paid directly by local service providers, under an end-user telecommunications revenue basis, primarily because toll carriers, including IXCs, will contribute based on the revenues they collect from their end users to pay incumbent LECs' access charges. As described above, however, the end-user basis meets our two prong test for competitive neutrality, as set out in the *LNP Cost Recovery Order*.¹⁴³ The fact that carriers -- whether IXCs or incumbent LECs -- providing interstate toll services to end users may bear a slightly higher portion of contributions does not alter that analysis, because, even assuming that MCI's projections are correct, this change would not give one service provider an appreciable, incremental cost advantage when competing for a particular subscriber.

64. Further, we believe that MCI's analysis of the purported burden shift falls short. We do not believe that this change in revenue basis will significantly favor one segment of the industry over another. To the extent that direct contributions are shifted, we note that IXCs would incur those costs attributable to access revenues under both a net telecommunications revenue basis and an end-user telecommunications revenue basis.¹⁴⁴ For example, contributions to the TRS mechanism under the current gross telecommunications revenue basis are treated as exogenous costs under price cap regulation, meaning that the overwhelming majority of these costs are passed through to toll carriers under either methodology.¹⁴⁵ As the Commission concluded in the *LNP Cost Recovery Order*, because the end-user telecommunications revenue basis reaches the same result, but without the inefficiency and added complication of the pass-

¹⁴¹ See, e.g., BellSouth Comments at 4; Star Comments at 3 (stating that "difference in contribution bases is unnecessarily burdensome and can lead to errors in preparing the necessary forms and contributions"). Accord TRA Comments at 3-4. Contra MCI Comments at 7-8.

¹⁴² See MCI Reply Comments at 4.

¹⁴³ See *LNP Cost Recovery Order*, ¶¶ 106-107.

¹⁴⁴ See *Telecommunications Relay Services and the Americans with Disabilities Act of 1990*, Second Order on Reconsideration and Fourth Report and Order, FCC 93-463, CC Docket No. 90-571, 9 FCC Rcd 1637 (rel. Sept. 29, 1993) (clarifying that TRS Fund contributions may be treated as exogenous costs under price cap regulation). To this end, we believe that AT&T's suggestion concerning price cap reductions would be more appropriately considered in access charge proceedings. See 47 C.F.R. §§ 69.1. See also *LNP Cost Recovery Order*, ¶ 109 (suggesting that incumbent LECs would likely pass on shared costs of number portability to IXCs through exogenous treatment in their access rates).

¹⁴⁵ *Id.*

through step, we prefer the end-user telecommunications revenue basis.¹⁴⁶

65. We expect that using the same funding basis for all of these purposes would reduce confusion and minimize the amount of information we need to collect from contributors. Numerous commenters praised this proposal because it would simplify our requirements.¹⁴⁷ Indeed, using the same revenue basis for all four funds furthers the deregulatory, burden-reducing objectives that we seek to achieve by creating a unified contributor collection worksheet. Only MCI objects to an end-user telecommunications basis on administrative grounds.¹⁴⁸ We disagree with MCI and note that the Commission found, in the *Universal Service Order*, that an end-user telecommunications revenue basis will be easy for carriers to administer because carriers already track their sales to end-users for billing purposes.¹⁴⁹ An end-user revenue basis requires marginally more revenue data, compared with a gross revenue basis. However, this additional data is now collected from most of the same respondents as part of the universal service reporting requirements -- now to be combined in the consolidated worksheet. Thus, the change to end-user telecommunications revenues for TRS purposes should represent little, if any, added administrative burden to either contributors or the administrator.

66. We observed in the Notice that, by changing the funding bases to end-user telecommunications revenues, we would effectively exempt from contributions a number of carriers that have significant gross telecommunications revenue but no end-user telecommunications revenue, for example, carriers providing wholesale services.¹⁵⁰ For the purposes of TRS contributions, we conclude that, because section 225 states that the costs of telecommunications relay services should be borne by "all subscribers," the Act allows for, but does not require, contributions from all carriers. Accordingly, we conclude that the modifications made herein will effectively carry out the Congressional intent reflected in section 225.

67. In the case of NANP, we note that section 251(e)(2) requires that the "cost of establishing telecommunications numbering administration arrangements . . . shall be borne by all telecommunications carriers on a competitively neutral basis . . ." ¹⁵¹ Given the statutory directive that contributions be collected from "all telecommunications carriers," we require carriers that provided telecommunications service during the base year and that have no end-user

¹⁴⁶ See *LNP Cost Recovery Order*, ¶ 109.

¹⁴⁷ See, e.g., BellSouth Comments at 4; TRA Comments at 3-4.

¹⁴⁸ See MCI Comments at 6. *Contra* Ameritech Comments at 2; BellSouth Comments at 4; IDT Comments at 16; MediaOne Comments at 2.

¹⁴⁹ See *Universal Service Order*, 12 FCC Rcd at 9208.

¹⁵⁰ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19319.

¹⁵¹ 47 U.S.C. § 251(e)(2). See *LNP Cost Recovery Order*, ¶¶ 113-114.

telecommunications revenue to make a fixed contribution of twenty-five dollars (\$25) to the NANP cost recovery mechanism.¹⁵² We conclude that assessing this sum will satisfy the statutory language of section 251(e)(2) and at the same time will not be economically burdensome for these primarily-large wholesale carriers.¹⁵³ Finally, we observe that although an end-user telecommunications revenue basis would otherwise relieve pure wholesalers, which have no end-user revenue, from directly bearing costs of number administration, the end-user method does not exclude wholesale revenues from the revenue base that determines carriers' contributions. As the Commission explained in the *Universal Service Order*, wholesale charges are built into retail rates, and thus the revenue basis still reflects wholesale revenue.¹⁵⁴

68. To minimize confusion for contributors and the administrators, we wish to make the transition to contributions based on end-user telecommunications revenues as soon as possible. For purposes of TRS, we recognize that many contributors are still making monthly installment payments toward their funding year 1999 contribution (which covers the April 26, 1999 through March 26, 2000 period) and we make clear that those contributions to the TRS Fund for the current funding period will continue to be based on gross telecommunications revenues. Because the contributor data needed to calculate TRS contributions for the funding year 2000 will not be available until April 2000, we will extend the current TRS funding period, so that contributions to the TRS Fund will continue to be based on gross telecommunications revenues and the current fund factor through the end of June 2000.¹⁵⁵ As of July 1, 2000 contributions to the TRS Fund will be based on end-user telecommunications revenues. A new factor will be developed in time for contributions in July 2000 and we will shift the fiscal year for TRS, so that the funding period will run from July 1st of each year through June 30th of the following year.

69. Indeed, we will shift the fiscal years for both TRS and NANP, so that the funding periods for these mechanisms will be more closely timed with the receipt of annual contributor data in the April filing of the new consolidated worksheet. We also make clear that contributions to the NANP cost recovery will continue to be based on net telecommunications revenues through the end of the current funding year, which covers fund administration from March 1999

¹⁵² While the Commission proposed in the Notice a fixed contribution of \$100 for carriers with no end-user telecommunications revenues, we believe that the \$25 contribution will be easier to administer, since it is consistent with the \$25 minimum contribution rule that we adopt for contributors with end-user telecommunications revenues. See Section IV. C.

¹⁵³ See *LNP Cost Recovery Order*, ¶¶ 113-114 (reaching same conclusion with respect to cost recovery for administration of long-term local number portability).

¹⁵⁴ See *Universal Service Order*, 12 FCC Rcd at 9207.

¹⁵⁵ See *Telecommunications Relay Services and the Americans with Disabilities Act of 1990*, Order, DA 98-2481, CC Docket No. 90-571 (rel. Dec. 2, 1998) (determining contribution factor for the April 26, 1999 through March 26, 2000 period).

through February 2000. The NANP Billing and Collection Agent will begin collecting contributions based on end-user telecommunications revenues for the funding year 2000. So that we may transition the NANP funding period to run from July 1st of each year through June 30th of the following year, we direct that the funding year 2000 will cover the sixteen month period from March 2000 through June 2001. We direct that, for purposes of the NANP funding year 2000, the Billing and Collection Agent will use contributor data filed in the September consolidated worksheet to develop the fund factor and should use the contributor data filed in the April consolidated worksheet to perform a "true-up" for the contributions in July 2000.¹⁵⁶ Thereafter, the NANP funding period will return to the twelve month cycle from July to June with contributions based on the April filing of the worksheet.

C. Minimum and Fixed Annual Contributions to TRS and NANPA Mechanisms

1. Background

70. Pursuant to section 64.604(c)(4)(iii) of the Commission's rules, every carrier providing interstate telecommunications services "must contribute at least \$100 per year" for the financing of TRS.¹⁵⁷ Similarly, contributors to the NANP cost recovery have been required to make a minimum payment of \$100 per year.¹⁵⁸ In the *Contributor Reporting Requirements Notice*, the Commission proposed to reduce the current requirements for minimum annual contributions to these mechanisms.¹⁵⁹

71. Specifically, the Commission proposed to eliminate the one hundred dollar (\$100) minimum contribution rule as applied to the TRS Fund.¹⁶⁰ For purposes of NANP, the Commission proposed a two-part structure for determining minimum contributions. First, the Commission proposed that telecommunications carriers with no end-user telecommunications revenues make a fixed contribution of one hundred dollars (\$100) per year to the NANPA cost recovery mechanism. Second, for those telecommunications carriers with any end-user

¹⁵⁶ A "true-up" will be necessary because the September worksheet reports only half year revenue data and because it may not collect data from all NANP contributors, *e.g.*, some telecommunications carriers that are de minimis for universal service purposes will not file the September worksheet. We nevertheless expect that the revisions performed in the "true-up" will be minor in terms of contributors added and contributions adjusted.

¹⁵⁷ 47 C.F.R. § 64.604(c)(4)(iii).

¹⁵⁸ The Commission, in the *NANP Third Report and Order*, delegated to the NANPA Billing and Collection Agent the authority to perform collection activities, including the authority to design a reporting worksheet to collect information for assessments calculations. 47 C.F.R. § 52.16. In designing the worksheet, the NANPA Billing and Collection Agent imposed a one hundred dollar (\$100) minimum payment as a means of covering administrative expenses. *See 1999 NANP Funding Worksheet Notice*, 13 FCC Rcd 17888.

¹⁵⁹ *See Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19317-19.

¹⁶⁰ *See Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19318-19.

telecommunications revenues, the Commission proposed to eliminate the minimum contribution rule. The Commission tentatively concluded that these proposed changes would provide a significant benefit to small telecommunications carriers and sought comment on its proposals.¹⁶¹

2. Discussion

72. We modify our proposals and amend our rules to reduce substantially the one hundred dollar minimum contributions to a twenty-five dollar minimum. Our experience with the TRS and NANP mechanisms persuades us that it is possible to lower the one hundred dollar minimum while protecting the administrative integrity and efficiency of the TRS and NANP mechanisms. As discussed in the Notice, the higher minimum appears unnecessary to cover the administrative costs of billing and collection for the primarily smaller companies that owe contributions of less than one hundred dollars.¹⁶² Although a number of commenters support eliminating a minimum contribution altogether,¹⁶³ we nevertheless find that this would tend to undermine the efficient administration of the TRS funding mechanism.

73. Simply put, such contributions, no matter how small, impose certain administrative costs (for example, costs to process carrier worksheets). We think that a twenty-five dollar minimum contribution is sufficient to cover these costs while ensuring that all carriers also contribute toward funding the program. Further, by reducing the currently-imposed minimum by 75 percent, we conclude that we will benefit small telecommunications carriers who will owe significantly lower TRS and NANP payments than they currently owe.¹⁶⁴ In the case of both TRS and NANP, we find nothing in the statute to prevent us from implementing a minimum contribution. We conclude that it is within our discretion to adopt reasonable minimum contributions as a matter of administrative convenience and to promote the administrative integrity and efficiency of the mechanisms. We conclude that a twenty-five dollar minimum is such a reasonable minimum and will help to ensure that result.

74. Moreover, since we determined above that successfully administering the NANP

¹⁶¹ *Id.*

¹⁶² In the Notice, we noted that NECA has estimated administrative costs to be approximately \$20.00 per contributor. *See Federal-State Joint Board on Universal Service*, Recommended Decision, FCC 96J-3, CC Docket No. 96-45, 12 FCC Rcd 87, 489 (rel. Nov. 8, 1996) (discussing the accuracy of this figure); *Universal Service Order*, 12 FCC Rcd at 9188 n. 2060. No commenter has contested this estimate. *See also* Notice of Ex Parte Presentation, from NECA to Ms. Magalie Roman Salas (Feb. 8, 1999).

¹⁶³ *See, e.g.*, APCC Comments at 2 n.1 ("For some of the smallest PSPs, the \$100 minimum TRS payment could represent a payment larger than the after-cost profits received from end users during an entire year."); SBC Comments at 2; TRA Comments at 6.

¹⁶⁴ *See* Appendix B, Rules Amended.

per the mandate of Congress requires that *all* carriers make NANP contributions, we conclude that all telecommunications carriers -- both those with end-user telecommunications revenues and those without end-user telecommunications revenues -- should make a minimum contribution of twenty-five dollar per year to the NANPA cost recovery mechanism.¹⁶⁵

V. BILLING AND COLLECTION FUNCTIONS

A. Background

75. In a Notice of Inquiry attached to the *Contributor Reporting Requirements Notice*, the Commission asked parties to suggest additional steps that it could take to reduce burdens and maximize the efficiency of the contributor reporting requirements process, while maintaining accuracy and accountability in the administration of the mechanisms.¹⁶⁶ The Commission asked commenters to consider whether the Commission should consolidate all billing and collection functions for the four support and cost recovery mechanisms with a single agent.¹⁶⁷ The Commission sought comment about whether the creation of a single billing and collection agent would permit contributors to file a single check for multiple funding purposes, *e.g.*, the local number portability administration, the NANPA administration, and the TRS Fund.¹⁶⁸

B. Discussion

76. We do not propose to consolidate billing and collection functions for the universal service, TRS, NANP, and local number portability mechanisms, at this time. In reaching this conclusion, we believe that the record does not indicate that significant cost savings would be achieved by such a proposal. Indeed, a number of commenters, including administrators Lockheed and USAC, state that appointing a single agent for billing and collection functions would create complexity that might lead to increased costs for administration.¹⁶⁹ Because it is not clear that greater efficiency and reliability would be achieved through a single billing and collection agent for these four mechanisms, we do not propose such an approach.

VI. PROCEDURAL MATTERS

¹⁶⁵ See Section IV. B. 2. (discussing fixed contributions to NANP mechanism by carriers with no end-user telecommunications revenues).

¹⁶⁶ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19323-26.

¹⁶⁷ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19323-26.

¹⁶⁸ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19324-26.

¹⁶⁹ See, *e.g.*, Lockheed Comments at 5-6; USAC Comments at 5-6; MCI Reply Comments at 1, 6; USTA Comments at 4 (recommending that the Commission conduct a cost/benefit analysis to determine whether the proposal would lower administrative costs).

A. Final Paperwork Reduction Act Analysis

77. As required by the Paperwork Reduction Act of 1995, the *Contributor Reporting Requirements Notice* invited the general public and the Office of Management and Budget (OMB) to comment on the proposed information collection requirements contained in the Notice, in particular, the Telecommunications Reporting Worksheet. On December 9, 1998, OMB approved the proposed information collection, as submitted to OMB.¹⁷⁰ In this Report and Order, we adopt the proposed Telecommunications Reporting Worksheet, but modify our proposal to reflect comments received from OMB and other commenters. The revised Telecommunications Reporting Worksheet is subject to approval by OMB.

78. As described above, the worksheet that we adopt in this Order reflects our efforts to collect the information necessary to implement the congressional directives, while reducing to the lowest possible level the burden on carriers and service providers.¹⁷¹ Indeed, the Commission has undertaken this proceeding to achieve the same deregulatory goals urged by commenters, such as GST, by consolidating multiple, existing reporting requirements.¹⁷² We note, but do not find persuasive, GST's critique that the consolidated worksheet is designed solely for carriers having accounting systems akin to those mandated for dominant incumbent LECs.¹⁷³ The revenue categories used in the worksheet correspond to major categories of service; accordingly, Uniform System of Accounts (USOA) account numbers are provided in the instructions as a convenience for those carriers that are familiar with the USOA account structure. Most other firms, *e.g.*, smaller firms that do not employ the USOA, generally comply with Generally Accepted Accounting Principles (GAAP). Moreover, we expect that, in general, carriers track the relative magnitudes of their major product offerings for internal management reporting and cost accounting purposes.

79. Based on our review of the information requested in the Telecommunications Reporting Worksheet, we revise upward, from six to eight hours per response, our estimate of the time required to complete the worksheet. While the worksheet that we adopt is more streamlined

¹⁷⁰ In its approval of the proposed worksheet, OMB requests that the Commission address several issues. We respond to those concerns in this Order. *See supra*, ¶¶ 15 n.33 (concerning installment payments), 24 (concerning reporting by each legal entity), 30-31 (concerning the September 1 universal service filing), 75-76 (concerning single billing and collection agent), 77-79 (concerning estimated burden, including burden on carriers that do not comply with USOA, and installment payments), App. C (concerning impact of the Order on small entities and on alternatives considered).

¹⁷¹ *See* Section III.B. (discussing data requested in the worksheet).

¹⁷² *See, e.g.*, GST Comments at i, 5 (stating that the Commission should consider alternatives such as "consolidation of various reporting requirements"). For example, as GST suggests, we have adopted our proposal to allow carriers to request nondisclosure of confidential data by using a check-box, rather than requiring them to make a separate initial filing under section 0.459. *See* Section III.H. (discussing various confidentiality issues).

¹⁷³ *See* GST Comments at 7-8.

than the proposed worksheet released for comment, we believe that our revised burden estimate more accurately reflects the amount of time needed to identify and compile the information requested.¹⁷⁴ This estimate is consistent with the burden estimates for completing existing worksheets, but reflects the streamlining measures that we adopt in this Order. For example, the burden of completing this worksheet (and thereby complying with the contributor reporting requirements) will be reduced by consolidating multiple filing dates and locations into one filing date and location, harmonizing the type of data used to calculate contributions, and eliminating worksheet sections that required filers to calculate their own contributions. The official burden estimate to complete the worksheet reflects an average response time that may vary for firms depending upon the number of services that they provide or the number of regions in which they provide service. Indeed, most firms will not need to provide data on all revenue categories, but will only report that small portion of the requested revenue data that is relevant to the services that they provide. We reiterate that the worksheet that we adopt in this Order seeks no additional data than that already request by the existing forms; this worksheet serves only to simplify and consolidate existing information collections. Finally, we note that the Commission has adopted -- and the instructions incorporate -- alternative, less burdensome approaches where it has been determined that supplying certain information is particularly burdensome for certain carriers.¹⁷⁵

B. Final Regulatory Flexibility Act Analysis

80. As required by the Regulatory Flexibility Act (RFA),¹⁷⁶ the Commission has prepared a Final Regulatory Flexibility Analysis (FRFA) of the possible significant economic impact on small entities of the policies and rules adopted in this Order. The FRFA is set forth as Appendix C. The Office of Public Affairs, Reference Operations Division, will send a copy of this Order, including the FRFA, to the Chief Counsel for Advocacy of the Small Business Administration.

VII. CONCLUSION

81. We take several discrete actions in this proceeding to reduce burdens on regulated carriers and other providers of telecommunications services. By combining several required worksheets and filings into one unified Telecommunications Reporting Worksheet, we expect to both reduce regulatory burden and confusion and to increase compliance by those smaller

¹⁷⁴ We estimate the burden to complete the shorter September filing to be 5.5 hours per respondent.

¹⁷⁵ For example, where it was demonstrated that wireless contributors could not readily derive interstate revenues from their books of account, the Commission adopted interim safe harbor percentages that should greatly reduce burdens for wireless carriers. *See Federal-State Joint Board on Universal Service*, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, FCC 98-278, 13 FCC Rcd 21252 (rel. Oct. 26, 1998).

¹⁷⁶ *See* 5 U.S.C. § 604. The RFA, *see* 5 U.S.C. § 601 *et. seq.*, has been amended by the Contract With America Advancement Act of 1996, Pub. L. No. 104-121, 110 Stat. 847 (1996) (CWAAA). Title II of the CWAAA is the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA).

companies that are not aware of the Commission's requirements. We have identified this proceeding as part of the Commission's 1998 biennial regulatory review because of its focus on eliminating duplicative regulatory burdens.

VIII. ORDERING CLAUSES

82. ACCORDINGLY, IT IS ORDERED, pursuant to sections 1, 4(i), 4(j), 11, 201-205, 210, 214, 218, 225, 251, 254, 303(r), 332, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 154(j), 161, 201-205, 210, 214, 218, 225, 251, 254, 303(r), 332 and 403 that this ORDER is hereby ADOPTED.

83. IT IS FURTHER ORDERED that the rule changes set forth in Appendix B are hereby ADOPTED, effective thirty (30) days from the date of publication in the Federal Register. The information collection adopted herein is contingent upon approval by the Office of Management and Budget, but, in any event, will not become effective before thirty (30) days after publication in the Federal Register.

84. IT IS FURTHER ORDERED that the Commission's Office of Public Affairs, Reference Operations Division, SHALL SEND a copy of this ORDER, including the Final Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

FEDERAL COMMUNICATIONS COMMISSION

Magalie Roman Salas
Secretary

APPENDIX A -- LIST OF COMMENTERS**Comments:**

American Public Communications Council (APCC)
Ameritech Corporation (Ameritech)
AT&T Corporation (AT&T)
Bell Atlantic Corporation (Bell Atlantic)
BellSouth Corporation (BellSouth)
Blooston, Mordkofsky, Jackson & Dickens (Blooston)
Cellular Telecommunications Industry Assoc. (CTIA)
GTE Service Corporation (GTE)
GST Telecom Inc. (GST)
IDT Corporation (IDT)
Lockheed Martin IMS (Lockheed)
MCI WorldCom, Inc. (MCI)
MediaOne Group, Inc. (MediaOne)
North American Numbering Plan Billing and Collection Agent (NBANC)
National Exchange Carrier Association (NECA)
Omnipoint Communications, Inc. (OmniPoint)
Personal Communications Industry Assoc. (PCIA)
Rural Telephone Coalition (RTC)
SBC Communications, Inc. (SBC)
Sprint Corporation (Sprint)
STAR Telecommunications, Inc. (STAR)
Telecommunications Resellers Assoc. (TRA)
Ursus Telecom Corporation (Ursus)
United States Cellular Corporation (USCC)
United States Telephone Association (USTA)
Universal Service Administrative Co. (USAC)
USF Coalition
U S West Communications, Inc. (U S West)

Replies:

Ameritech
Bell Atlantic
BellSouth
Blooston
Loral Space & Communications Ltd. (Loral)
GTE
MCI
Qwest Communications Corporation, (Qwest)
RSL Com USA, Inc./Delta Three (RSL Com)
SBC

APPENDIX B -- RULES AMENDED**AMENDMENTS TO THE CODE OF FEDERAL REGULATIONS****PART 1--PRACTICE AND PROCEDURE**

1. The authority citation for Part 1 continues to read as follows:

AUTHORITY: 15 U.S.C. 79 *et seq.*; 47 U.S.C. 151, 154(i), 154(j), 155, 225, and 303(r).

2. Section 1.47(h) of the Commission's rules is amended to read as follows:

§ 1.47 Service of documents and proof of service.

(h) Every common carrier subject to the Communications Act of 1934, as amended, shall designate an agent in the District of Columbia, and may designate additional agents if it so chooses, upon whom service of all notices, process, orders, decisions, and requirements of the Commission may be made for and on behalf of said carrier in any proceeding before the Commission. Such designation shall include, for both the carrier and its designated agents, a name, business address, telephone or voicemail number, facsimile number, and, if available, Internet e-mail address. The carrier shall additionally list any other names by which it is known or under which it does business, and, if the carrier is an affiliated company, the parent, holding, or management company. Within thirty (30) days of the commencement of provision of service, each carrier shall file such information with the Formal Complaints and Investigations Branch of the Common Carrier Bureau. Carriers may file a hard copy of the relevant portion of the Telecommunications Reporting Worksheet, as delineated by the Commission in the Federal Register, to satisfy this requirement. Each Telecommunications Reporting Worksheet filed annually by a common carrier must contain a name, business address, telephone or voicemail number, facsimile number, and, if available, Internet e-mail address for its designated agents, regardless of whether such information has been revised since the previous filing. Carriers must notify the Commission within one week of any changes in their designation information by filing revised portions of the Telecommunications Reporting Worksheet with the Formal Complaints and Investigations Branch of the Common Carrier Bureau. A paper copy of this designation list shall be maintained in the Office of the Secretary of the Commission. Service of any notice, process, orders, decisions or requirements of the Commission may be made upon such carrier by leaving a copy thereof with such designated agent at his office or usual place of residence. If a carrier fails to designate such an agent, service of any notice or other process in any proceeding before the Commission, or of any order, decision, or requirement of the Commission, may be made by posting such notice, process, order, requirement, or decision in the Office of the Secretary of the Commission.

* * * * *

PART 52 - NUMBERING

Part 52 of Title 47 of the Code of Federal Regulations (C.F.R.) is amended as follows:

1. The authority citation for Part 52 continues to read as follows:

AUTHORITY: Sec. 1, 2, 4, 5, 48 Stat. 1066, as amended; 47 U.S.C. § 151, 152, 154, 155 unless otherwise noted. Interpret or apply secs. 3, 4, 201-205, 207-209, 218, 225-7, 251-2, 271 and 332, 48 Stat. 1070, as amended, 1077; 47 U.S.C. 153, 154, 201-205, 207-09, 218, 225-7, 251-2, 271 and 332 unless otherwise noted.

2. Section 52.16 of the Commission's rules is amended to read as follows:

§ 52.16 Billing and Collection Agent.

The B & C Agent shall:

- (a) Calculate, assess, bill and collect payments for numbering administration functions and distribute funds to NANPA on a monthly basis;
- (b) Distribute to carriers the "Telecommunications Reporting Worksheet," described in Section 52.17(b).
- (c) Keep confidential all data obtained from carriers and not disclose such data in company-specific form unless authorized by the Commission. Subject to any restrictions imposed by the Chief of the Common Carrier Bureau, the B & C Agent may share data obtained from carriers with the administrators of the universal service support mechanism (See 47 C.F.R. Sec. 54.701), the TRS Fund (See 47 C.F.R. Sec. 64.604(c)(4)(iii)(H)), and the local number portability cost recovery (See 47 C.F.R. Sec. 52.32). The B & C Agent shall keep confidential all data obtained from other administrators. The B & C Agent shall use such data, from carriers or administrators, only for calculating, collecting and verifying payments. The Commission shall have access to all data reported to the Administrator. Contributors may make requests for Commission nondisclosure of company-specific revenue information under § 0.459 of this Chapter by so indicating on the Telecommunications Reporting Worksheet at the time that the subject data are submitted. The Commission shall make all decisions regarding nondisclosure of company-specific information.
- (d)-(f) * * *

* * *

3. Section 52.17 of the Commission's rules is amended to read as follows:

§ 52.17 Costs of number administration.

All telecommunications carriers in the United States shall contribute on a competitively neutral basis to meet the costs of establishing numbering administration.

(a) Contributions to support numbering administration shall be the product of the contributors' end-user telecommunications revenues for the prior calendar year and a contribution factor determined annually by the Chief of the Common Carrier Bureau; such contributions to be no less than twenty-five dollars (\$25). The contribution factor shall be based on the ratio of expected number administration expenses to end-user telecommunications revenues. Carriers that have no end-user telecommunications revenues shall contribute twenty-five dollars (\$25). In the event that contributions exceed or are inadequate to cover administrative costs, the contribution factor for the following year shall be adjusted by an appropriate amount.

(b) All telecommunications carriers in the United States shall complete and submit a "Telecommunications Reporting Worksheet" (as published by the Commission in the Federal Register), which sets forth the information needed to calculate contributions referred to in subsection (a). The worksheet shall be certified to by an officer of the contributor, and subject to verification by the Commission or the B & C Agent at the discretion of the Commission. The Chief of the Common Carrier Bureau may waive, reduce, modify, or eliminate contributor reporting requirements that prove unnecessary and require additional reporting requirements that the Bureau deems necessary to the sound and efficient administration of the number administration cost recovery.

* * *

4. Section 52.32 of the Commission's rules is amended to read as follows:

§ 52.32 Allocation of the shared costs of long-term number portability.

(a) * * *

(b) All telecommunications carriers providing service in the United States shall complete and submit a "Telecommunications Reporting Worksheet" (as published by the Commission in the Federal Register), which sets forth the information needed to calculate contributions referred to in subsection (a). The worksheet shall be certified to by an officer of the contributor, and subject to verification by the Commission or the administrator at the discretion of the Commission. The Chief of the Common Carrier Bureau may waive, reduce, modify, or eliminate contributor reporting requirements that prove unnecessary and require additional reporting requirements that the Bureau deems necessary to the sound and efficient administration of long-term number portability.

(c) Local number portability administrators shall keep all data obtained from contributors confidential and shall not disclose such data in company-specific form unless directed to do so by the Commission. Subject to any restrictions imposed by the Chief of the Common Carrier Bureau, the local number portability administrators may share data obtained from carriers with the administrators of the universal service support mechanism (See 47 C.F.R. Sec. 54.701), the TRS Fund (See 47 C.F.R. Sec. 64.604(c)(4)(iii)(H)), and the North American Numbering Plan cost recovery (See 47 C.F.R. Sec. 52.16). The local number portability administrators shall keep confidential all data obtained from other administrators. The administrators shall use such data, from carriers or administrators, only for purposes of administering local number portability. The Commission shall have access to all data reported to the Administrator. Contributors may make requests for Commission nondisclosure of company-specific revenue information under § 0.459 of this Chapter by so indicating on the Telecommunications Reporting Worksheet at the time that the subject data are submitted. The Commission shall make all decisions regarding nondisclosure of company-specific information.

(d) Once a telecommunications carrier has been allocated, pursuant to subparagraph (a)(1) or (a)(2) of this section, its portion of the shared costs of long-term number portability attributable to a regional database, the carrier shall treat that portion as a carrier-specific cost directly related to providing number portability.

* * * * *

PART 54 - UNIVERSAL SERVICE

Part 54 of Title 47 of the Code of Federal Regulations is amended as follows:

1. The authority citation for Part 54 continues to read as follows:

AUTHORITY: 47 U.S.C. 1, 4(i), 201, 205, 214, and 254 unless otherwise noted.

2. Section 54.708 is amended to read as follows:

§ 54.708 De minimis exemption.

If a contributor's contribution to universal service in any given year is less than \$10,000 that contributor will not be required to submit a contribution or Telecommunications Reporting Worksheet for that year unless it is required to do so to by our rules governing Telecommunications Relay Service (47 C.F.R. §§ 64.601 et seq.), numbering administration (47 C.F.R. §§ 52.1 et seq.), or shared costs of local number portability (47 C.F.R. §§ 52.21 et seq.). If a contributor improperly claims exemption from the contribution requirement, it will subject to the criminal provisions of sections 220(d) and (e) of the Act regarding willful false submissions and will be required to pay the amounts withheld plus interest.

3. Section 54.709 is amended to read as follows:

§ 54.709 Computations of required contributions to universal service support mechanisms.

(a) Contributions to the universal service support mechanisms shall be based on contributors' end-user telecommunications revenues and contribution factors determined quarterly by the Commission.

(1) * * *

(2) The quarterly universal service contribution factors shall be based on the ratio of total projected quarterly expenses of the universal service support programs to total end-user telecommunications revenues. The Commission shall determine two contribution factors, one of which shall be applied to interstate and international end-user telecommunications revenues and the other of which shall be applied to interstate, intrastate, and international end-user telecommunications revenues. The Commission shall approve the Administrator's quarterly projected costs of universal service support programs, taking into account demand for support and administrative expenses. The total subject revenues shall be compiled by the Administrator based on information contained in the Telecommunications Reporting Worksheets described in § 54.711(a).

(3)-(5) * * *

(b) * * *

(c) * * *

(d) If a contributor fails to file a Telecommunications Reporting Worksheet by the date on which it is due, the Administrator shall bill that contributor based on whatever relevant data the Administrator has available, including, but not limited to, the number of lines presubscribed to the contributor and data from previous years, taking into consideration any estimated changes in such data.

4. Section 54.711 is amended to read as follows:

§ 54.711 Contributor reporting requirements.

(a) Contributions shall be calculated and filed in accordance with the Telecommunications Reporting Worksheet which shall be published in the Federal Register. The Telecommunications Reporting Worksheet sets forth information that the contributor must submit to the Administrator on a semi-annual basis. The Commission shall announce by Public Notice published in the Federal Register and on its website the manner of payment and dates by which payments must be made.

An officer of the contributor must certify to the truth and accuracy of the Telecommunications Reporting Worksheet, and the Commission or the Administrator may verify any information contained in the Telecommunications Reporting Worksheet at the discretion of the Commission. Inaccurate or untruthful information contained in the Telecommunications Reporting Worksheet may lead to prosecution under the criminal provisions of Title 18 of the United States Code. The Administrator shall advise the Commission of any enforcement issues that arise and provide any suggested response.

(b) The Commission shall have access to all data reported to the Administrator. Contributors may make requests for Commission nondisclosure of company-specific revenue information under § 0.459 of this Chapter by so indicating on the Telecommunications Reporting Worksheet at the time that the subject data are submitted. The Commission shall make all decisions regarding nondisclosure of company-specific information. The Administrator shall keep confidential all data obtained from contributors, shall not use such data except for purposes of administering the universal service support programs, and shall not disclose such data in company-specific form unless directed to do so by the Commission. Subject to any restrictions imposed by the Chief of the Common Carrier Bureau, the Universal Service Administrator may share data obtained from contributors with the administrators of the North American Numbering Plan administration cost recovery (See 47 C.F.R. Sec. 52.16), the local number portability cost recovery (See 47 C.F.R. Sec. 52.32), and the TRS Fund (See 47 C.F.R. Sec. 64.604(c)(4)(iii)(H)). The Administrator shall keep confidential all data obtained from other administrators and shall not use such data except for purposes of administering the universal service support mechanisms.

(c) The Bureau may waive, reduce, modify, or eliminate contributor reporting requirements that prove unnecessary and require additional reporting requirements that the Bureau deems necessary to the sound and efficient administration of the universal service support mechanisms.

5. Section 54.713 is amended to read as follows:

§ 54.713 Contributors' failure to report or to contribute.

A contributor that fails to file a Telecommunications Reporting Worksheet and subsequently is billed by the Administrator shall pay the amount for which it is billed. The Administrator may bill a contributor a separate assessment for reasonable costs incurred because of that contributor's filing of an untruthful or inaccurate Telecommunications Reporting Worksheet, failure to file the Telecommunications Reporting Worksheet, or late payment of contributions. Failure to file the Telecommunications Reporting Worksheet or to submit required quarterly contributions may subject the contributor to the enforcement provisions of the Act and any other applicable law. The Administrator shall advise the Commission of any enforcement issues that arise and provide any suggested response. Once a contributor complies with the Telecommunications Reporting Worksheet filing requirements, the Administrator may refund any overpayments made by the contributor, less any fees, interest, or costs.

* * * * *

PART 64 - MISCELLANEOUS RULES RELATING TO COMMON CARRIERS

Part 64 of Title 47 of the Code of Federal Regulations (C.F.R) is amended as follows:

1. The authority citation for Part 64 continues to read as follows:

AUTHORITY: 47 U.S.C. 154, 254(k); secs. 403(b)(2), (c), Public Law 104-104, 110 Stat. 56, Interpret or apply 47 U.S.C. secs. 201, 218, 226, 228, and 254(k) unless otherwise noted.

2. Section 64.604(c)(4)(iii) of the Commission's rules is amended to read as follows:

§ 64.604 Mandatory Minimum Standards

(a) * * *

(b) * * *

(c) Functional standards--

(i) * * *

(iii) * * *

(iii) Telecommunications Relay Services Fund.

(1) ***

(2) ***

(3) ***

(4) Jurisdictional Separation of Costs

(A) Contributions. Every carrier providing interstate telecommunications services shall contribute to the TRS Fund on the basis of its relative share of interstate end-user telecommunications revenues as described herein. Contributions shall be made by all carriers who provide interstate services, including, but not limited to, cellular telephone and paging, mobile radio, operator services, personal communications service (PCS), access (including subscriber line charges), alternative access and special access, packet-switched, WATS, 800, 900, message telephone service (MTS), private line, telex, telegraph, video, satellite,

intraLATA, international and resale services.

(B) Contribution computations. Contributors' contribution to the TRS Fund shall be the product of their subject revenues for the prior calendar year and a contribution factor determined annually by the Commission. The contribution factor shall be based on the ratio between expected TRS Fund expenses to interstate end-user telecommunications revenues. In the event that contributions exceed TRS payments and administrative costs, the contribution factor for the following year will be adjusted by an appropriate amount, taking into consideration projected cost and usage changes. In the event that contributions are inadequate, the fund administrator may request authority from the Commission to borrow funds commercially, with such debt secured by future years contributions. Each subject carrier must contribute at least \$25 per year. Carriers whose annual contributions total less than \$1,200 must pay the entire contribution at the beginning of the contribution period. Carriers whose contributions total \$1,200 or more may divide their contributions into equal monthly payments. Carriers shall complete and submit, and contributions shall be based on, a "Telecommunications Reporting Worksheet" (as published by the Commission in the Federal Register). The worksheet shall be certified to by an officer of the contributor, and subject to verification by the Commission or the administrator at the discretion of the Commission. Contributors' statements in the worksheet shall be subject to the provisions of section 220 of the Communications Act of 1934, as amended. The fund administrator may bill contributors a separate assessment for reasonable administrative expenses and interest resulting from improper filing or overdue contributions. The Chief of the Common Carrier Bureau may waive, reduce, modify, or eliminate contributor reporting requirements that prove unnecessary and require additional reporting requirements that the Bureau deems necessary to the sound and efficient administration of the TRS Fund.

(C) - (H) * * *

(I) Information filed with the administrator. The administrator shall keep all data obtained from contributors and TRS providers confidential and shall not disclose such data in company-specific form unless directed to do so by the Commission. Subject to any restrictions imposed by the Chief of the Common Carrier Bureau, the TRS Fund administrator may share data obtained from carriers with the administrators of the universal service support mechanisms (See 47 C.F.R. Sec. 54.701), the North American Numbering Plan administration cost recovery (See 47 C.F.R. Sec. 52.16), and the long-term local number portability cost recovery (See 47 C.F.R. Sec. 52.32). The TRS Fund Administrator shall keep confidential all data obtained from other administrators. The administrator shall not use such data, from carriers or administrators, except for purposes of administering the TRS Fund, calculating the regulatory fees of interstate common carriers, and aggregating such fee payments for submission to the Commission. The Commission shall have access to all data reported to the administrator, and authority to audit TRS providers. Contributors may make requests for Commission nondisclosure of company-specific revenue information under § 0.459 of this Chapter by so indicating on the Telecommunications Reporting Worksheet at the time that the subject data are submitted. The Commission shall make all decisions regarding nondisclosure of company-specific information.

(J) * * *

(K) * * *

(5) * * *

* * * * *

APPENDIX C -- FINAL REGULATORY FLEXIBILITY ACT ANALYSIS

1. In compliance with the Regulatory Flexibility Act (RFA),¹ an Initial Regulatory Flexibility Analysis (IRFA) was incorporated into the *Contributor Reporting Requirements Notice*. The Commission sought written public comment on the proposals in the Notice, including comment on the IRFA. The comments received are discussed below. This present Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA.²

I. Need for, and Objectives of, the *Contributor Reporting Requirements Order*:

2. The Commission undertakes this examination of its contributor reporting requirements³ as a part of its 1998 biennial review of regulations as required by section 11 of the Communications Act, as amended.⁴ This Order simplifies the Commission's filing requirements by consolidating several different forms currently filed under our existing rules associated with the Telecommunications Relay Services (TRS) Fund,⁵ federal universal service support mechanisms,⁶ the cost recovery mechanism for the North American Numbering Plan (NANP) administration,⁷ and the cost recovery mechanism for long-term local number portability (LNP) administration.⁸ This Order also establishes end-user telecommunications revenues as the basis for contributions to the NANP and TRS mechanisms -- making consistent the revenue bases for all four support and cost recovery mechanisms. Our objective is to reduce or eliminate unnecessary or duplicative regulatory requirements, consistent with section 11 of the Act,⁹ and the Telecommunications Act of 1996.¹⁰

¹ See 5 U.S.C. § 603. The RFA, *see* 5 U.S.C. § 601 *et seq.*, has been amended by the Contract With America Advancement Act of 1996, Pub. L. No. 104-121, 110 Stat. 847 (1996) (CWAAA). Title II of the CWAAA is the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA).

² See 5 U.S.C. § 604.

³ See 47 C.F.R. §§ 64.601 *et seq.*; 47 C.F.R. §§ 54.1 *et seq.*; 47 C.F.R. §§ 52.1 *et seq.*; 47 C.F.R. §§ 52.21 *et seq.*

⁴ 47 U.S.C. § 161.

⁵ 47 C.F.R. §§ 64.601 *et seq.*

⁶ 47 C.F.R. §§ 54.1 *et seq.*, 69.1 *et seq.*

⁷ 47 C.F.R. §§ 52.1 *et seq.*

⁸ 47 C.F.R. §§ 52.21 *et seq.*

⁹ 47 U.S.C. § 161.

¹⁰ Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996 Act), *codified at* 47 U.S.C. §§ 151 *et seq.* See Joint Explanatory Statement of the Committee of Conference, S. Conf. Rep. No. 230, 104th Cong.,

II. Summary of Significant Issues Raised by Public Comments in Response to the IRFA

3. Only one party filed comments addressing the Commission's compliance with the RFA,¹¹ but many parties commented on the Commission's proposals to streamline the Commission's reporting requirements. As noted above, the record provided by all of these commenting parties clearly supports the Commission's efforts to reduce the amount of paperwork required by the current contributor reporting requirements.¹² Consistent with those comments, this Order reduces significantly the amount of paperwork required of telecommunications carriers.

4. In comments to the Notice, GST argues that the proposed Telecommunications Reporting Worksheet is particularly burdensome for small carriers because it assumes that small carriers have developed sophisticated accounting infrastructure.¹³ We disagree with GST's assessment and note that the worksheet provides flexibility for carriers that do not have sophisticated accounting systems. In contrast to GST's portrayal, the categories of revenue sought in the worksheet correspond to major categories of service, reflecting our expectation that most carriers track the relative magnitudes of their major product offerings for internal management reporting and cost accounting purposes. GST offers no evidence to the contrary. The worksheet collects the minimum amount of information necessary to ensure that individual carriers and segments of the industry are contributing on a fair and equitable basis. Further, the worksheet and its instructions incorporate alternative, less burdensome approaches where it has been determined that supplying certain information is particularly burdensome for certain carriers. Thus, for example, the worksheet permits carriers to use good faith estimates to determine interstate and international revenues where these figures cannot be directly determined from corporate books of account or subsidiary records. Similarly, we adopt a streamlined version of the worksheet to satisfy the September universal service filing and to reduce costs for carriers.

5. While not in direct response to the IRFA, both NECA and Blooston encourage the Commission not to implement an electronic filing system that would require costly investments by small carriers.¹⁴ We agree that proposals for electronic filing of the Telecommunications Reporting Worksheet should not require expensive start-up costs for filers, so that all carriers, including small entities, should be able to utilize a more efficient system.¹⁵

2d Sess. 113 (1996) (Joint Explanatory Statement).

¹¹ See GST Comments at 15.

¹² See Section III.B. (discussing use of a consolidated worksheet).

¹³ See GST Comments at 7, 9, 15.

¹⁴ NECA Comments at 4; Blooston Reply Comments at 9.

¹⁵ See Section III.I. (discussing electronic filing).

IV. Description and Estimate of the Number of Small Entities to Which the Rules Will Apply:

6. The Commission's contributor reporting requirements apply to a wide range of entities, including all telecommunications carriers and other providers of interstate telecommunications that offer telecommunications for a fee.¹⁶ Thus, we expect that the rules adopted in this Order will have a positive economic impact on a substantial number of small entities. Based on the number of carriers that file the existing forms -- and this Order does not increase the number of entities that must comply with these requirements -- we predict that not more than 5,000 entities, total, will file the worksheet. Of those 5,000 potential filers, we do not know how many are small entities, but we offer below a detailed estimate of the number of small entities within each of several major carrier-type categories. We state, again, that the economic impact of these proposals is, of course, a positive and beneficial impact, in the form of reduced regulatory burdens and recordkeeping requirements, for these entities.

7. To estimate the number of small entities that would benefit from this positive economic impact, we first consider the statutory definition of "small entity" under the RFA. The RFA generally defines "small entity" as having the same meaning as the term "small business," "small organization," and "small governmental jurisdiction."¹⁷ In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act, unless the Commission has developed one or more definitions that are appropriate to its activities.¹⁸ Under the Small Business Act, a "small business concern" is one that: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) meets any additional criteria established by the Small Business Administration (SBA).¹⁹ The SBA has defined a small business for Standard Industrial Classification (SIC) categories 4812 (Radiotelephone Communications) and 4813 (Telephone Communications, Except

¹⁶ 47 C.F.R. §§ 52.17 (applying to all telecommunications carriers), 52.32 (applying to all telecommunications carriers), 54.703 (applying to every telecommunications carrier that provides interstate telecommunications services, every provider of interstate telecommunications that offers telecommunications for a fee on a non-common carrier basis, and certain payphone providers), 64.604(c)(4)(iii)(A) (applying to every carrier providing interstate telecommunications services). We note that the Commission's rules for universal service exempt certain small contributors, *i.e.*, contributors that have revenue below a stated threshold. 47 C.F.R. § 54.705.

¹⁷ 5 U.S.C. § 601(6).

¹⁸ 5 U.S.C. § 601(3) (incorporating by reference the definition of "small business concern" in 5 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies "unless an agency after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition in the Federal Register."

¹⁹ 15 U.S.C. § 632. *See, e.g., Brown Transport Truckload, Inc. v. Southern Wipers, Inc.*, 176 B.R. 82 (N.D. Ga. 1994).

Radiotelephone) to be small entities when they have no more than 1,500 employees.²⁰ We first discuss the number of small telephone companies falling within these SIC categories, then attempt to refine further those estimates to correspond with the categories of telephone companies that are commonly used under our rules.

8. The most reliable source of information regarding the total numbers of certain common carrier and related providers nationwide, as well as the numbers of commercial wireless entities, appears to be data the Commission publishes annually in its *Carrier Locator* report, derived from filings made in connection with the Telecommunications Relay Service (TRS).²¹ According to data in the most recent report, there are 3,604 interstate carriers.²² These carriers include, *inter alia*, local exchange carriers, wireline carriers and service providers, interexchange carriers, competitive access providers, operator service providers, pay telephone operators, providers of telephone toll service, providers of telephone exchange service, and resellers.

9. Although some affected incumbent local exchange carriers (ILECs) may have 1,500 or fewer employees, we do not believe that such entities should be considered small entities within the meaning of the RFA because they are either dominant in their field of operations or are not independently owned and operated, and therefore by definition not "small entities" or "small business concerns" under the RFA. Accordingly, our use of the terms "small entities" and "small businesses" does not encompass small ILECs. Out of an abundance of caution, however, for regulatory flexibility analysis purposes, we will separately consider small ILECs within this analysis and use the term "small ILECs" to refer to any ILECs that arguably might be defined by the SBA as "small business concerns."²³

10. *Total Number of Telephone Companies Affected.* The United States Bureau of the Census ("the Census Bureau") reports that, at the end of 1992, there were 3,497 firms engaged in providing telephone services, as defined therein, for at least one year.²⁴ This number contains a variety of different categories of carriers, including local exchange carriers, interexchange carriers, competitive access providers, cellular carriers, mobile service carriers, operator service providers, pay telephone operators, PCS providers, covered SMR providers, and

²⁰ 13 C.F.R. § 121.201.

²¹ FCC, *Carrier Locator: Interstate Service Providers*, Figure 1 (Jan. 1999) (*Carrier Locator*). See also 47 C.F.R. § 64.601 *et seq.*

²² *Carrier Locator* at Fig. 1.

²³ See 13 C.F.R. § 121.201, Standard Industrial Classification (SIC) 4813. Since the time of the Commission's 1996 decision, *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order*, 11 FCC Rcd 15499, 16144-45 (1996), 61 FR 45476 (August 29, 1996), the Commission has consistently addressed in its regulatory flexibility analyses the impact of its rules on such ILECs.

²⁴ United States Department of Commerce, Bureau of the Census, *1992 Census of Transportation, Communications, and Utilities: Establishment and Firm Size*, at Firm Size 1-123 (1995) ("1992 Census").

resellers. It seems certain that some of those 3,497 telephone service firms may not qualify as small entities or small incumbent LECs because they are not "independently owned and operated."²⁵ For example, a PCS provider that is affiliated with an interexchange carrier having more than 1,500 employees would not meet the definition of a small business. It seems reasonable to conclude, therefore, that fewer than 3,497 telephone service firms are small entity telephone service firms or small incumbent LECs that may be affected by the decisions and rule changes adopted in this Order.

11. *Wireline Carriers and Service Providers.* SBA has developed a definition of small entities for telephone communications companies other than radiotelephone companies. The Census Bureau reports that, there were 2,321 such telephone companies in operation for at least one year at the end of 1992.²⁶ According to SBA's definition, a small business telephone company other than a radiotelephone company is one employing no more than 1,500 persons.²⁷ All but 26 of the 2,321 non-radiotelephone companies listed by the Census Bureau were reported to have fewer than 1,000 employees. Thus, even if all 26 of those companies had more than 1,500 employees, there would still be 2,295 non-radiotelephone companies that might qualify as small entities or small incumbent LECs. Although it seems certain that some of these carriers are not independently owned and operated, we are unable at this time to estimate with greater precision the number of wireline carriers and service providers that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 2,295 small entity telephone communications companies other than radiotelephone companies that may be affected by the decisions and rule changes adopted in this Order.

12. *Local Exchange Carriers, Interexchange Carriers, Competitive Access Providers, Operator Service Providers, and Resellers.* Neither the Commission nor SBA has developed a definition of small local exchange carriers (LECs), interexchange carriers (IXCs), competitive access providers (CAPs), operator service providers (OSPs), or resellers. The closest applicable definition for these carrier-types under SBA rules is for telephone communications companies other than radiotelephone (wireless) companies.²⁸ The most reliable source of information regarding the number of these carriers nationwide of which we are aware appears to be the data that we collect annually in connection with the Telecommunications Relay Service (TRS).²⁹ According to our most recent data, there are 1,410 LECs, 151 IXCs, 129 CAPs, 32 OSPs, and

²⁵ 15 U.S.C. § 632(a)(1).

²⁶ 1992 Census, *supra*, at Firm Size 1-123.

²⁷ 13 C.F.R. § 121.201, SIC Code 4813.

²⁸ 13 C.F.R. § 121.210, SIC Code 4813.

²⁹ *See* 47 C.F.R. § 64.601 *et seq.*; *Carrier Locator* at Fig. 1.

351 resellers.³⁰ Although it seems certain that some of these carriers are not independently owned and operated, or have more than 1,500 employees, we are unable at this time to estimate with greater precision the number of these carriers that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 1,410 small entity LECs or small incumbent LECs, 151 IXC, 129 CAPs, 32 OSPs, and 351 resellers that may be affected by the decisions and rule changes adopted in this Order.

13. *Wireless (Radiotelephone) Carriers.* SBA has developed a definition of small entities for radiotelephone (wireless) companies. The Census Bureau reports that there were 1,176 such companies in operation for at least one year at the end of 1992.³¹ According to SBA's definition, a small business radiotelephone company is one employing no more than 1,500 persons.³² The Census Bureau also reported that 1,164 of those radiotelephone companies had fewer than 1,000 employees. Thus, even if all of the remaining 12 companies had more than 1,500 employees, there would still be 1,164 radiotelephone companies that might qualify as small entities if they are independently owned and operated. Although it seems certain that some of these carriers are not independently owned and operated, we are unable at this time to estimate with greater precision the number of radiotelephone carriers and service providers that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 1,164 small entity radiotelephone companies that may be affected by the decisions and rule changes adopted in this Order.

14. *Cellular, PCS, SMR and Other Mobile Service Providers.* In an effort to further refine our calculation of the number of radiotelephone companies that may be affected by the rules adopted herein, we consider the data that we collect annually in connection with the TRS for the subcategories Wireless Telephony (which includes Cellular, PCS, and SMR) and Other Mobile Service Providers. Neither the Commission nor the SBA has developed a definition of small entities specifically applicable to these broad subcategories, so we will utilize the closest applicable definition under SBA rules -- which, for both categories, is for telephone companies other than radiotelephone (wireless) companies.³³ To the extent that the Commission has adopted definitions for small entities providing PCS and SMR services, we discuss those definitions below. According to our most recent TRS data, 732 companies reported that they are engaged in the provision of Wireless Telephony services and 23 companies reported that they are engaged in the provision of Other Mobile Services.³⁴ Although it seems certain that some of these carriers are

³⁰ *Carrier Locator* at Fig. 1. The total for resellers includes both toll resellers and local resellers.

³¹ United States Department of Commerce, Bureau of the Census, *1992 Census of Transportation, Communications, and Utilities: Establishment and Firm Size*, at Firm Size 1-123 (1995) ("1992 Census").

³² 13 C.F.R. § 121.201, SIC Code 4812.

³³ *Id.*

³⁴ *Carrier Locator* at Fig. 1.

not independently owned and operated, or have more than 1,500 employees, we are unable at this time to estimate with greater precision the number of Wireless Telephony Providers and Other Mobile Service Providers, except as described below, that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 732 small entity Wireless Telephony Providers and fewer than 23 small entity Other Mobile Service Providers that might be affected by the decisions and rule changes adopted in this Order.

15. *Broadband PCS Licensees.* The broadband PCS spectrum is divided into six frequency blocks designated A through F, and the Commission has held auctions for each block. The Commission defined "small entity" for Blocks C and F as an entity that has average gross revenues of less than \$40 million in the three previous calendar years.³⁵ For Block F, an additional classification for "very small business" was added, and is defined as an entity that, together with its affiliates, has average gross revenues of not more than \$15 million for the preceding three calendar years.³⁶ These regulations defining "small entity" in the context of broadband PCS auctions have been approved by SBA.³⁷ No small businesses within the SBA-approved definition bid successfully for licenses in Blocks A and B. There were 90 winning bidders that qualified as small entities in the Block C auctions. A total of 93 small and very small business bidders won approximately 40% of the 1,479 licenses for Blocks D, E, and F. However, licenses for Blocks C through F have not been awarded fully, therefore there are few, if any, small businesses currently providing PCS services. Based on this information, we estimate that the number of small broadband PCS licenses will include the 90 winning C Block bidders and the 93 qualifying bidders in the D, E, and F blocks, for a total of 183 small PCS providers as defined by the SBA and the Commissioner's auction rules.

16. *SMR Licensees.* Pursuant to 47 C.F.R. § 90.814(b)(1), the Commission has defined "small entity" in auctions for geographic area 800 MHz and 900 MHz SMR licenses as a firm that had average annual gross revenues of less than \$15 million in the three previous calendar years. The definition of a "small entity" in the context of 800 MHz SMR has been approved by the SBA,³⁸ and approval for the 900 MHz SMR definition has been sought. The rules proposed in

³⁵ See *Amendment of Parts 20 and 24 of the Commission's Rules -- Broadband PCS Competitive Bidding and the Commercial Mobile Radio Service Spectrum Cap*, Report and Order, FCC 96-278, WT Docket No. 96-59, ¶¶ 57-60 (June 24, 1996), 61 FR 33859 (July 1, 1996); see also 47 C.F.R. § 24.720(b).

³⁶ *Id.*, at ¶ 60.

³⁷ *Implementation of Section 309(j) of the Communications Act -- Competitive Bidding*, PP Docket No. 93-253, Fifth Report and Order, 9 FCC Rcd 5532, 5581-84 (1994).

³⁸ See *Amendment of Parts 2 and 90 of the Commission's Rules to Provide for the Use of 200 Channels Outside the Designated Filing Areas in the 896-901 MHz and the 935-940 MHz Bands Allotted to the Specialized Mobile Radio Pool*, PR Docket No. 89-583, Second Order on Reconsideration and Seventh Report and Order, 11 FCC Rcd 2639, 2693-702 (1995); *Amendment of Part 90 of the Commission's Rules to Facilitate Future Development of SMR Systems in the 800 MHz Frequency Band*, PR Docket No. 93-144, First Report and Order, Eighth Report and Order, and Second Further Notice of Proposed Rulemaking, 11 FCC Rcd 1463 (1995).

this FRFA may apply to SMR providers in the 800 MHz and 900 MHz bands that either hold geographic area licenses or have obtained extended implementation authorizations. We do not know how many firms provide 800 MHz or 900 MHz geographic area SMR service pursuant to extended implementation authorizations, nor how many of these providers have annual revenues of less than \$15 million. We assume, for purposes of this FRFA, that all of the extended implementation authorizations may be held by small entities, that may be affected by the decisions and rule changes adopted in this Order.

17. The Commission recently held auctions for geographic area licenses in the 900 MHz SMR band. There were 60 winning bidders who qualified as small entities in the 900 MHz auction. Based on this information, we conclude that the number of geographic area SMR licensees that may be affected by the decisions and rule changes adopted in this Order includes these 60 small entities. No auctions have been held for 800 MHz geographic area SMR licenses. Therefore, no small entities currently hold these licenses. A total of 525 licenses will be awarded for the upper 200 channels in the 800 MHz geographic area SMR auction. The Commission, however, has not yet determined how many licenses will be awarded for the lower 230 channels in the 800 MHz geographic area SMR auction. There is no basis, moreover, on which to estimate how many small entities will win these licenses. Given that nearly all radiotelephone companies have fewer than 1,000 employees and that no reliable estimate of the number of prospective 800 MHz licensees can be made, we assume, for purposes of this FRFA, that all of the licenses may be awarded to small entities who may be affected by the decisions and rule changes adopted in this Order.

18. *220 MHz Radio Service -- Phase I Licensees.* The 220 MHz service has both Phase I and Phase II licenses. There are approximately 1,515 such non-nationwide licensees and four nationwide licensees currently authorized to operate in the 220 MHz band. The Commission has not developed a definition of small entities specifically applicable to such incumbent 220 MHz Phase I licensees. To estimate the number of such licensees that are small businesses, we apply the definition under the SBA rules applicable to Radiotelephone Communications companies.³⁹ According to the Bureau of the Census, only 12 radiotelephone firms out of a total of 1,178 such firms which operated during 1992 had 1,000 or more employees.⁴⁰ Therefore, if this general ratio continues to 1999 in the context of Phase I 220 MHz licensees, we estimate that nearly all such licensees are small businesses under the SBA's definition.

19. *220 MHz Radio Service -- Phase II Licensees.* The Phase II 220 MHz service is a new service, and is subject to spectrum auctions. In the 220 MHz *Third Report and Order* we

³⁹ 13 C.F.R. § 121.201, SIC Code 4812. This definition provides that a small entity is a radiotelephone company employing no more than 1,500 persons.

⁴⁰ U.S. Bureau of the Census, U.S. Department of Commerce, 1992 Census of Transportation, Communications, and Utilities, UC92-S-1, Subject Series, Establishment and Firm Size, Table 5, Employment Size of Firms; 1992, SIC code 4812 (issued May 1995).

adopted criteria for defining small businesses and very small businesses for purposes of determining their eligibility for special provisions such as bidding credits and installment payments.⁴¹ We have defined a small business as an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding \$15 million for the preceding three years. Additionally, a very small business is defined as an entity that, together with its affiliates and controlling principals, has average gross revenues that are not more than \$3 million for the preceding three years.⁴² An auction of Phase II licenses commenced on September 15, 1998, and closed on October 22, 1998.⁴³ 908 licenses were auctioned in 3 different-sized geographic areas: three nationwide licenses, 30 Regional Economic Area Group Licenses, and 875 Economic Area (EA) Licenses. Of the 908 licenses auctioned, 693 were sold. Companies claiming small business status won: one of the Nationwide licenses, 67% of the Regional licenses, and 54% of the EA licenses. As of January 22, 1999, the Commission announced that it was prepared to grant 654 of the Phase II licenses won at auction.⁴⁴

20. *Paging.* The Commission has proposed a two-tier definition of small businesses in the context of auctioning licenses in the Common Carrier Paging and exclusive Private Carrier Paging services.⁴⁵ Under the proposal, a small business will be defined as either (1) an entity that, together with its affiliates and controlling principals, has average gross revenues for the three preceding years of not more than \$3 million, or (2) an entity that, together with affiliates and controlling principals, has average gross revenues for the three preceding calendar years of not more than \$15 million. Because the SBA has not yet approved this definition for paging services, we will utilize the SBA's definition applicable to radiotelephone companies, *i.e.*, an entity employing no more than 1,500 persons.⁴⁶ At present, there are approximately 24,000 Private Paging licenses and 74,000 Common Carrier Paging licenses. According to the most recent *Carrier Locator* data, 137 carriers reported that they were engaged in the provision of either

⁴¹ 220 MHz Third Report and Order, 12 FCC Rcd 10943, 11068-70, at paras. 291- 295 (1997). The SBA has approved these definitions. *See* Letter from A. Alvarez, Administrator, SBA, to D. Phythyon, Chief, Wireless Telecommunications Bureau, FCC (Jan. 6, 1998).

⁴² 220 MHz Third Report and Order, 12 FCC Rcd at 11068-69, para. 291.

⁴³ *See generally* Public Notice, "220 MHz Service Auction Closes," Report No. WT 98-36 (Wireless Telecom. Bur. Oct. 23, 1998).

⁴⁴ Public Notice, "FCC Announces It is Prepared to Grant 654 Phase II 220 MHz Licenses After final Payment is Made," Report No. AUC-18-H, DA No. 99-229 (Wireless Telecom. Bur. Jan. 22, 1999). A reauction of the remaining, unsold licenses is likely to take place during calendar year 1999.

⁴⁵ *See* 47 C.F.R. § 20.9(a)(1) (noting that private paging services may be treated as common carriage services).

⁴⁶ 13 C.F.R. § 121.201, SIC Code 4812.

paging or messaging services, which are placed together in the data.⁴⁷ We do not have data specifying the number of these carriers that are not independently owned and operated or have more than 1,500 employees, and thus are unable at this time to estimate with greater precision the number of paging carriers that would qualify as small business concerns under the SBA's definition. Consequently, we estimate that there are fewer than 137 small paging carriers that may be affected by the decisions and rule changes adopted in this Order. We estimate that the majority of private and common carrier paging providers would qualify as small entities under the SBA definition.

21. *Narrowband PCS.* The Commission has auctioned nationwide and regional licenses for narrowband PCS. There are 11 nationwide and 30 regional licensees for narrowband PCS. The Commission does not have sufficient information to determine whether any of these licensees are small businesses within the SBA-approved definition for radiotelephone companies. At present, there have been no auctions held for the major trading area (MTA) and basic trading area (BTA) narrowband PCS licenses. The Commission anticipates a total of 561 MTA licenses and 2,958 BTA licenses will be awarded by auction. Such auctions have not yet been scheduled, however. Given that nearly all radiotelephone companies have no more than 1,500 employees and that no reliable estimate of the number of prospective MTA and BTA narrowband licensees can be made, we assume, for purposes of this FRFA, that all of the licenses will be awarded to small entities, as that term is defined by the SBA.

22. *Rural Radiotelephone Service.* The Commission has not adopted a definition of small entity specific to the Rural Radiotelephone Service.⁴⁸ A significant subset of the Rural Radiotelephone Service is the Basic Exchange Telephone Radio Systems (BETRS).⁴⁹ We will use the SBA's definition applicable to radiotelephone companies, *i.e.*, an entity employing no more than 1,500 persons.⁵⁰ There are approximately 1,000 licensees in the Rural Radiotelephone Service, and we estimate that almost all of them qualify as small entities under the SBA's definition.

23. *Air-Ground Radiotelephone Service.* The Commission has not adopted a definition of small entity specific to the Air-Ground Radiotelephone Service.⁵¹ Accordingly, we will use the SBA's definition applicable to radiotelephone companies, *i.e.*, an entity employing no

⁴⁷ *Carrier Locator* at Fig. 1.

⁴⁸ The service is defined in section 22.99 of the Commission's rules, 47 C.F.R. § 22.99.

⁴⁹ BETRS is defined in sections 22.757 and 22.759 of the Commission's rules, 47 C.F.R. §§ 22.757, 22.759.

⁵⁰ 13 C.F.R. § 121.201, SIC Code 4812.

⁵¹ The service is defined in section 22.99 of the Commission's rules, 47 C.F.R. § 22.99.

more than 1,500 persons.⁵² There are approximately 100 licensees in the Air-Ground Radiotelephone Service, and we estimate that almost all of them qualify as small entities under the SBA definition.

24. *Private Land Mobile Radio (PLMR).* PLMR systems serve an essential role in a range of industrial, business, land transportation, and public safety activities.⁵³ These radios are used by companies of all sizes operating in all U.S. business categories. The Commission has not developed a definition of small entity specifically applicable to PLMR licensees due to the vast array of PLMR users. For the purpose of determining whether a licensee is a small business as defined by the SBA, each licensee would need to be evaluated within its own business area.

25. The Commission is unable at this time to estimate the number of, if any, small businesses which could be impacted by the rules. However, the Commission's 1994 Annual Report on PLMRs⁵⁴ indicates that at the end of fiscal year 1994 there were 1,087,267 licensees operating 12,481,989 transmitters in the PLMR bands below 512 MHz. Because any entity engaged in a commercial activity is eligible to hold a PLMR license, the proposed rules in this context could potentially impact every small business in the United States.

26. *Fixed Microwave Services.* Microwave services include common carrier,⁵⁵ private-operational fixed,⁵⁶ and broadcast auxiliary radio services.⁵⁷ At present, there are approximately 22,015 common carrier fixed licensees in the microwave services. The Commission has not yet defined a small business with respect to microwave services. For purposes of this FRFA, we will utilize the SBA's definition applicable to radiotelephone companies -- *i.e.*, an entity with no more than 1,500 persons.⁵⁸ We estimate, for this purpose,

⁵² 13 C.F.R. § 121.201, SIC Code 4812.

⁵³ See 47 C.F.R. § 20.9(a)(2) (noting that certain Industrial/Business Pool service may be treated as common carriage service).

⁵⁴ Federal Communications Commission, *60th Annual Report, Fiscal Year 1994*, at 116.

⁵⁵ 47 C.F.R. § 101 *et seq.* (formerly, Part 21 of the Commission's rules).

⁵⁶ Persons eligible under Parts 80 and 90 of the Commission's rules can use Private Operational-Fixed Microwave services. See 47 C.F.R. Parts 80 and 90. Stations in this service are called operational-fixed to distinguish them from common carrier and public fixed stations. Only the licensee may use the operational-fixed station, and only for communications related to the licensee's commercial, industrial, or safety operations.

⁵⁷ Auxiliary Microwave Service is governed by Part 74 of Title 47 of the Commission's Rules. See 47 C.F.R. § 74 *et seq.* Available to licensees of broadcast stations and to broadcast and cable network entities, broadcast auxiliary microwave stations are used for relaying broadcast television signals from the studio to the transmitter, or between two points such as a main studio and an auxiliary studio. The service also includes mobile TV pickups, which relay signals from a remote location back to the studio.

⁵⁸ 13 C.F.R. § 121.201, SIC Code 4812.

that all of the Fixed Microwave licensees (excluding broadcast auxiliary licensees) would qualify as small entities under the SBA definition for radiotelephone companies.

27. *Offshore Radiotelephone Service.* This service operates on several UHF TV broadcast channels that are not used for TV broadcasting in the coastal area of the states bordering the Gulf of Mexico.⁵⁹ At present, there are approximately 55 licensees in this service. We are unable at this time to estimate the number of licensees that would qualify as small entities under the SBA's definition for radiotelephone communications.

28. *Wireless Communications Services.* This service can be used for fixed, mobile, radio location and digital audio broadcasting satellite uses. The Commission defined "small business" for the wireless communications services (WCS) auction as an entity with average gross revenues of \$40 million for each of the three preceding years, and a "very small business" as an entity with average gross revenues of \$15 million for each of the three preceding years. The Commission auctioned geographic area licenses in the WCS service. In the auction, there were seven winning bidders that qualified as very small business entities, and one that qualified as a small business entity. We conclude that the number of geographic area WCS licensees that may be affected by the decisions and rule changes adopted in this Order includes these eight entities.

IV. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements:

29. The decisions and rule changes adopted in this Order will reduce the reporting and recordkeeping requirements on telecommunications service providers regulated under the Communications Act. As currently structured, telecommunications carriers and other service providers having interstate revenues are required to file, at different times throughout the year, a number of contributor reporting worksheets that often reflect duplicative reporting requirements. In this Order, the Commission reduces these regulatory burdens by combining the multiple worksheets into one unified Telecommunications Reporting Worksheet. In addition, the Commission further reduces carrier filing burdens by allowing carriers to use the proposed Telecommunications Reporting Worksheet to designate agents for service of process pursuant to section 413 of the Communications Act of 1934, as amended.⁶⁰ We expect that, by adopting these proposals, telecommunications service providers will experience an appreciable reduction in reporting, recordkeeping, and other compliance burdens.

⁵⁹ This service is governed by Subpart I of Part 22 of the Commission's Rules. *See* 47 C.F.R. §§ 22.1001 - 22.1037.

⁶⁰ 47 U.S.C. § 413.

V. Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered:

30. In the *Contributor Reporting Requirements Notice*, the Commission sought comment on ways to simplify its contributor reporting requirements and, in particular, whether a unified worksheet would reduce regulatory and administrative burden on reporting carriers.⁶¹ Commenters were nearly unanimous in their support of the Commission's proposals in the Notice. In response to numerous proposals to modify the data collected in the worksheet, the Commission developed the final Telecommunications Reporting Worksheet so that it will collect the minimum information necessary to ensure the equitable and efficient funding of the support and cost recovery mechanisms.⁶² Accordingly, we conclude that the impact of this proceeding should be beneficial to small businesses because the decisions and rule changes adopted in this Order will reduce the reporting or recordkeeping requirements on all communications common carriers.

Report to Congress: The Commission will send a copy of the *Contributor Reporting Requirements Order*, including this FRFA, in a report to be sent to Congress pursuant to the Small Business Regulatory Enforcement Fairness Act of 1996.⁶³ In addition, the Commission will send a copy of the Order, including this FRFA, to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the Order and FRFA (or summaries thereof) will also be published in the Federal Register.⁶⁴

⁶¹ See *Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, 19304.

⁶² See Section III. B. (discussing the use of a consolidated worksheet), III.D.2.b. (discussing the September universal service filing).

⁶³ See 5 U.S.C. § 801(a)(1)(A).

⁶⁴ See 5 U.S.C. § 604(b).

APPENDIX D -- TELECOMMUNICATIONS REPORTING WORKSHEET

April Version: FCC Form 499-A

1999 FCC Form 499A Telecommunications Reporting Worksheet

>>> Please read instructions before completing. <<<

Approval by OMB

3060-0855

Expires __/__/__

Annual Filing -- due April 1.

Block 1: Contributor Identification Information		101	Filer 499 ID	
102 Legal name of reporting entity				
103 IRS employer identification number				
104 Name telecommunications service provider is doing business as				
105 Principal communications business (check the one that best describes the reporting entity -- see directions)				
<input type="checkbox"/> CAP/CLEC		<input type="checkbox"/> Cellular/PCS/SMR (wireless telephony incl. by resale)		<input type="checkbox"/> Incumbent LEC
<input type="checkbox"/> Local Reseller		<input type="checkbox"/> OSP		<input type="checkbox"/> Paging & Messaging
<input type="checkbox"/> Pre-paid Card		<input type="checkbox"/> Private Service Provider		<input type="checkbox"/> Payphone Service Provider
<input type="checkbox"/> Shared Tenant Service Provider		<input type="checkbox"/> SMR (dispatch)		<input type="checkbox"/> Satellite
<input type="checkbox"/> Other Local, Other Mobile or Other Toll is checked, describe carrier type / services provided:		<input type="checkbox"/> Other Local		<input type="checkbox"/> Other Mobile
				<input type="checkbox"/> Other Toll
106 Holding company [All affiliated companies should show same name here]				
107 Management company (if carrier is managed by another entity)				
108 Complete mailing address of reporting entity corporate headquarters				
109 Complete business address for customer inquiries and complaints (if different from address entered on Line 108)				
110 Telephone # for customer inquiries and complaints		() -		
111 Additional Names For Carrier Activities		f		
a		g		
b		h		
c		i		
d		j		
e		k		
Block 2-A: Personal Contact Information				
112 Person who completed this worksheet				
113 Telephone number of this person		() -		
114 Fax number of this person		() -		
115 E-mail of this person				
116 Corporate office, attn. name, and mailing address to which future Telecommunications Reporting Worksheets should be sent				
117 Billing address: [Plan administrators will send bills for contributions to this address]				
Block 2-B: Agent for Service of Process				
118 D.C. Agent for Service of Process per 47 U.S.C 413				
119 Telephone number of D.C. agent		() -		
120 Fax number of D.C. agent		() -		
121 E-mail of D.C. agent				
122 Complete business address of D.C. agent for hand service of documents				
123 Alternate Agent for Service of Process (optional)				
124 Telephone number of alternate agent		() -		
125 Fax number of alternate agent		() -		
126 E-mail of alternate agent				
127 Complete business address of alternate agent for hand service of documents				

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

Block 3: Contributor Revenue Information		201	Filer 499 ID	
202	Legal Name of Reporting Entity (from Line 101)			
Report Billed Revenue for January 1 through December 31, 1998 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 & international.		Total Revenue (a)	Percent Interstate & International (b)	Interstate and International Revenue (c)
Revenue from Service Provided for Resale to Other Contributors to Federal Universal Service Support Mechanisms				
<u>Fixed local service</u>				
203	Monthly service, local calling, connection charges, vertical features, and other local exchange service including PICC charges to IXC's			
a	Provided as unbundled network elements			
b	Provided under other arrangements			
204	Per minute charges for originating or terminating calls			
a	Provided under state or federal access tariff			
b	Provided as unbundled network elements or other contract arrangement			
205	Local private line & special access			
206	Payphone compensation from toll carriers			
207	Other local telecommunications service revenues			
208	Universal service support revenue received from Federal or State Sources			
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>				
209	Monthly, activation, and message charges except toll			
<u>Toll service</u>				
210	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)			
211	Ordinary Long Distance (MTS, customer toll free 800/888 service and switched services not reported above)			
212	Long distance private line services			
213	Satellite services			
214	All other long distance services			
Revenue From All Other Sources (end-user telcom. & non-telcom.)				
215	Surcharges or other amounts on bills identified as recovering State or Federal universal service contributions			
<u>Fixed local service</u>				
216	Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges			
217	Tariffed subscriber line charges and PICC charges to end users			
218	Local private line and special access service			
219	Payphone coin revenues			
220	Other local telecommunications service revenues			
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>				
221	Monthly and activation charges			
222	Message charges including roaming but excluding toll charges			
<u>Toll service</u>				
223	Pre-paid calling card (including card sales to customers and to retail establishments)			
224	International calls that both originate and terminate in foreign points			
225	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenue reported on line 224			
226	Ordinary Long Distance (MTS, customer toll free 800/888 service and switched services not reported above)			
227	Long distance private line services			
228	Satellite services			
229	All other long distance services			
230	Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber and non-telecommunications service revenue			
231	Gross billed revenue from all sources (incl. reseller & non-telcom.)			
232	Universal service contribution bases (lines 215 through 223 & lines 225 through 229)			

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

Block 4: CERTIFICATION: to signed by an officer of the filer	301	Filer 499 ID	
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302 Legal name of reporting entity (from Line 101)

Section IV of the instructions provides information on which types of reporting entities are required to file for which purposes. Any entity claiming to be exempt from one or more contribution requirements should so certify below and attach an explanation.

303 I certify that the reporting entity is exempt from contributing to:

Universal Service TRS NANPA LNP Administration

Filers that did not certify that they are exempt from contributing to LNP administration in Line 304 must provide the following breakout:

Percentage of revenue reported in Block 3 billed in each region of the country. Round or estimate to nearest whole percentage. Enter 0 if no service was provided in the region.			Carrier's Carrier (a)	End User (b)
304	Southeast:	Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee and U.S. Virgin Islands	%	%
305	Western:	Alaska, Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	%	%
306	West Coast:	California, Hawaii, Nevada, American Samoa, Guam, Northern Mariana Islands, and Wake Island.	%	%
307	Mid-Atlantic:	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia	%	%
308	Mid-West:	Illinois, Indiana, Michigan, Ohio, Wisconsin	%	%
309	Northeast:	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont	%	%
310	Southwest:	Arkansas, Kansas, Missouri, Oklahoma, & Texas	%	%
311	Total	(Percentages must add to 0 or 100)	%	%

312 Revenues from resellers that do not contribute to Universal Service support mechanisms are included in Lines 215 through 229 but may be excluded from a filer's TRS, NANPA and LNP contribution bases. To have these amounts excluded, filer has the option of identifying such revenues.

	(a)	(c)
	Total Revenue	Interstate and International
Revenues from resellers that do not contribute to Universal Service	\$	\$

313 I certify that the revenue data contained herein is 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 and that said Worksheet is an accurate statement of the affairs of the above-named company for the previous calendar year.

314 Signature _____

315 Printed name of officer _____

316 Position with reporting entity _____

317 Date _____

318 This filing is: Original filing Revised filing

Do not mail checks with this form. Send this form to: Telecommunications Reporting Worksheet, Box _____, _____
 For additional information regarding this worksheet contact: Telecommunications Reporting Worksheet information (xxx) TBA-xxxx

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

Telecommunications Reporting Worksheet, FCC Form 499-A

Instructions for Completing the Worksheet for Filing Contributions to Telecommunications Relay Service, Universal Service, Number Administration, and Local Number Portability Support Mechanisms

* * * * *

NOTICE TO INDIVIDUALS: Sections 54.703, 54.711, and 54.713 of the Federal Communications Commission's rules require all telecommunications carriers providing interstate telecommunications services, providers of interstate telecommunications that offer interstate telecommunications for a fee on a non-common carrier basis, and payphone providers that are aggregators to contribute to universal service and file this Telecommunications Reporting Worksheet (FCC Form 499) twice a year. 47 C.F.R. §§ 54.703, 54.711, 54.713. Section 52.17 provides that all telecommunications carriers in the United States shall contribute on a competitively neutral basis to meet the costs of establishing numbering administration, and directs that contributions shall be calculated and filed in accordance with this worksheet. 47 C.F.R. § 52.17. Section 52.32 provides that the local number portability administrators shall recover the shared costs of long-term number portability from all telecommunications carriers. 47 C.F.R. § 52.32. Section 64.604 requires that every carrier providing interstate telecommunications services shall contribute to the Telecommunications Relay Services (TRS) Fund on the basis of its relative share of interstate end-user telecommunications revenues, with the calculation based on information provided in this worksheet. 47 C.F.R. § 64.604(c)(iii)(4).

This collection of information stems from the Commission's authority under Sections 225, 251, and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 225, 251, and 254. The data in the Worksheet will be used to calculate contributions to the universal service support mechanisms, the telecommunications relay services support mechanism, the cost recovery mechanism for numbering administration, and the cost recovery mechanism for shared costs of long-term number portability. Selected information provided in the Worksheet will be made available to the public in a manner consistent with the Commission's rules.

We have estimated that each response to this collection of information will take, on average, 8 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERM, Washington, D.C. 20554, Paperwork Reduction Project (3060-0855). We also will accept your comments via the Internet if you send them to jboley@fcc.gov. Please **DO NOT SEND COMPLETED WORKSHEETS TO THIS ADDRESS.**

Remember -- You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0855.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. We will use the information that you provide to determine contribution amounts. If we believe there may be a violation or potential violation of a statute or a Commission regulation,

rule, or order, your Worksheet may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your Worksheet may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission; or (b) any employee of the Commission; or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

If you owe a past due debt to the federal government, the taxpayer identification number (such as your social security number) and other information you provide also may be disclosed to the Department of the Treasury Financial Management Service, other federal agencies, and/or your employer to offset your salary, IRS tax refund, or other payments to collect that debt. The Commission also may provide this information to those agencies through the matching of computer records where authorized.

With the exception of your social security number, if you do not provide the information we request on the Worksheet, the Commission may consider you in violation of sections 1.47, 52.17, 52.32, 54.713, and 64.604 of the Commission's rules. 47 C.F.R. §§ 1.47, 52.17, 52.32, 54.713, and 64.604.

The foregoing Notice is required by the Privacy Act of 1974, P.L. 93-579, December 31, 1974, 5 U.S.C. § 552(a)(e)(3), and the Paperwork Reduction Act of 1995, P.L. No. 104-13, 44 U.S.C. § 3501, *et seq.*

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I. Introduction

As required under the Communications Act of 1934, as amended,¹ the Commission has established, in a series of separate proceedings, procedures to finance interstate telecommunications relay services (TRS), universal service support mechanisms, administration of the North American Numbering Plan (NANPA), and shared costs of local number portability (LNPA). To accomplish these Congressionally directed objectives, contributions are collected from all telecommunications carriers providing interstate telecommunications and certain other providers of telecommunications services. On ____, 1999, the Commission amended its rules so that contributors to these mechanisms need only file one Telecommunications Reporting Worksheet for the purpose of determining their contribution(s).² This Worksheet sets forth the information that the contributor must submit, so that the administrators of these mechanisms may calculate and assess contributions.

While some entities that file the Telecommunications Reporting Worksheet may not need to contribute to each of the support and cost recovery mechanisms, in general, all telecommunications carriers and certain additional telecommunications service providers must complete and file this worksheet.³ These instructions contain an explanation of which carriers must contribute to particular mechanisms (see Section IV.A.), but filers should consult the specific rules that govern contributions for each of the mechanisms.⁴ In general, contributions are calculated based on contributors' end-user telecommunications revenue information, as filed in this worksheet.

¹ 47 U.S.C. §§ 151, 225, 251, 254.

² *1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms*, Report and Order, FCC 99- ____, CC Docket No. 98-171 (rel. July 14, 1999) (*Contributor Reporting Requirements Order*).

³ Please note that this worksheet refers to "filers," "reporting entities," and "contributors" interchangeably, except where specifically distinguished.

⁴ See 47 C.F.R. §§ 52.17 (numbering administration), 52.32 (local number portability), 54.703 (universal service), 64.604 (TRS).

By filing this worksheet, carriers may also satisfy their obligations under section 413 of the Act to designate an agent in the District of Columbia for service of process.⁵

II. Filing Requirements and General Instructions

A. Who must file

All providers of telecommunications services within the United States, with very limited exceptions, must file an FCC Form 499-A Telecommunications Reporting Worksheet. For this purpose, the United States is defined as the contiguous United States, Alaska, Hawaii, American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Island, Navassa Island, the Northern Mariana Islands, Palmyra, Puerto Rico, the U.S. Virgin Islands, and Wake Island.

For purposes of determining whether an entity provides interstate telecommunications, please note that the term "telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received. For the purpose of filing, the term "interstate telecommunications" includes, but is not limited to, the following types of services: wireless telephony including cellular and personal communications services (PCS); paging and messaging services; dispatch services; mobile radio services; operator services; access to interexchange service; special access; wide area telecommunications services (WATS); subscriber toll-free services; 900 services; message telephone services (MTS); private line; telex; telegraph; video services; satellite services; and, resale services. Note, for example, that all local exchange carriers provide access services and, therefore, provide interstate telecommunications.

Note also that entities must file this worksheet, and are subject to the universal service contribution requirement, if they offer interstate telecommunications services for a fee to the public even if only a narrow or limited class of users could utilize the services. Included are entities that provide interstate telecommunications services to entities other than themselves for a fee on a private, contractual basis. In addition, owners of pay telephones, sometimes referred to as "pay telephone aggregators," must file this worksheet. Most telecommunications carriers must file this worksheet even if they qualify for the *de minimis exemption* under the Commission's rules for universal service.⁶

The following three sections list types of (non-common carrier) telecommunications service providers that are not required to file the Form 499-A. Note that some carriers and telecommunications service providers are required to file this worksheet, but may not be required to contribute to all support mechanisms. For example, some carriers may be exempt from contributing to the universal service support mechanisms (*e.g.*, because they are *de minimis*), but nevertheless must file because they are required to contribute to TRS, NANPA, or LNPA.

1. Exception for *de minimis* (non-common carrier) telecommunications service providers

Telecommunications service providers that offer telecommunications for a fee on a non-common carrier basis need not file this worksheet if their contribution to the universal service support mechanisms would be *de minimis* under the universal service rules. Such telecommunications service providers should complete the table contained

⁵ 47 U.S.C. § 413. *See also* 47 C.F.R. § 1.47.

⁶ 47 C.F.R. § 54.708.

in Figure 1 to determine whether they meet the *de minimis* standard. To complete Figure 1, potential filers must first complete block 3 of the Telecommunications Reporting Worksheet and enter the amounts from Line (232) in Figure 1. Telecommunications service providers whose estimated universal service contribution would be less than \$10,000 are considered *de minimis* for universal service purposes and will not be required to make universal service contributions.

Telecommunications service providers that do not file this worksheet because they are *de minimis* should retain Figure 1 and documentation of their contribution base revenues for 3 calendar years after the date each worksheet is due.

Figure 1: Table to determine if a contributor meets the *de minimis* standard for purposes of universal service

		Total intrastate, interstate and international contribution base (a)	Interstate and international contribution base (b)
A	Amount from Block 3, Line (232)		
B		0.25	0.25
C	Revenue stated on a quarterly basis (Line A times Line B)		
D	Estimated quarterly payment factor for the purposes of meeting the <i>de minimis</i> threshold *	.0073	.0391
E	Estimated quarterly contribution (Line C times Line D)		
F	Total quarterly contribution (Line E-1 plus Line E-2)		
G	Annualizing factor		4
H	Estimated annual contribution for universal service support (Line F times Line G)		
* The semi-annual estimation factors (as well as contribution factors) can be found on the Commission's web page (www.fcc.gov).			

2. Exception for government, broadcasters, schools and libraries

Certain additional entities are explicitly exempted from contributing directly to the universal service support mechanisms and need not file this worksheet. Government entities that purchase telecommunications services in bulk on behalf of themselves, *e.g.*, state networks for schools and libraries, are not required to file or contribute directly to universal service. Public safety and local governmental entities licensed under Subpart B of Part 90

of the Commission's rules are not required to file or contribute directly to universal service. Similarly, if an entity provides interstate telecommunications exclusively to public safety or government entities and does not offer services to others, that entity is not required to file or contribute directly to universal service. In addition, broadcasters, non-profit schools, non-profit libraries, non-profit colleges, non-profit universities, and non-profit health care providers are not required to file the worksheet or contribute directly to universal service.

3. Exception for Systems Integrators and Self Providers

Systems integrators that derive less than five percent of their systems integration revenues from the resale of telecommunications are not required to file or contribute directly to universal service. Systems integrators are providers of integrated packages of services and products that may include the provision of computer capabilities, interstate telecommunications services, remote data processing services, back-office data processing, management of customer relationships with underlying carriers and vendors, provision of telecommunications and computer equipment, equipment maintenance, help desk functions, and other services and products). Entities that provide services only to themselves or to commonly owned affiliates need not file.

B. Filing by Legal Entity

Each legal entity that provides interstate telecommunications service for a fee, including each affiliate or subsidiary of an entity, must complete and file separately a copy of the attached Telecommunications Reporting Worksheet. Entities that have distinct articles of incorporation are separate legal entities. Entities may not file "summary" worksheets for more than one contributor. Each affiliate or subsidiary should identify their ultimate controlling parent or entity on Block 1 Line (106) -- Holding Company.

C. When and Where to File

Figure 2 provides the filing schedule and relevant addresses. If April 1 or September 1 is a holiday (as defined in Section 1.4(e)(1) of the Commission's rules), worksheets are due the next business day.

Figure 2: Filing schedule

When to file	What to file	Where to file *
April 1, 2000	- Completed Form 499-A	Telecommunications Reporting Worksheet Box: To be Announced Fax: To be Announced
September 1, 1999	- Completed Form 499-S	USAC -- Telecommunications Reporting Worksheet, Form 499-S 100 South Jefferson Rd. Whippany, NJ 07981
Carriers within one week of a change in information concerning their designated agent	- Completed Page 1 of Form 499-A	Chief, Formal Complaints and Investigations Branch Common Carrier Bureau Rm 5-C823 445 12th Street, S.W. Washington, D.C. 20554
* Do not send universal service, TRS, NANPA or LNPA contributions with this worksheet or to any of these addresses. The appropriate administrators will calculate the amount of contribution due and send a bill to the billing address identified in Line 117 of the Form 499-A or Line 113 of the Form 499-S.		

If you have questions about the worksheet or the instructions, you may contact:

Form 499 Telecommunications Reporting
Worksheet Information [To be Announced]
Common Carrier Bureau
Industry Analysis Division (202) 418-0940
TTY (Network Services Division) (202) 418-0484

If you have questions regarding contribution amounts, billing procedures or the support and cost recovery mechanisms, you may contact:

Universal Service Administration (973) 560-4400
TRS Administration (973) 418-0948
NANPA Billing and Collection Agent (973) 884-8542
Local Number Portability Administrators (877) 245-5277

D. Rounding of Numbers and Negative Numbers

All information provided in the Worksheet, except the signature, should be neatly printed in ink or typed.

Dollar Amounts. Reported revenues in block 3, column (a) and column (c) that are greater than a thousand dollars may be rounded to the nearest thousand dollars. Regardless of rounding, **all dollar amounts must be reported in whole dollars.** For example, \$2,271,881.93 could be reported as \$2,271,882 or as \$2,272,000, but could not be reported as \$2272 thousand, \$2,270,000.00 or \$2.272 million. Please enter \$0 in any line for which the contributor had no revenues for the year.

Percentages. Percentages reported in block 3, column (b) should be rounded to the nearest whole percent. For example, if the exact amount of interstate revenues for a line is not known, but the filer estimates that the ratio of interstate to total revenue was .425, then the figure 43% should be reported and used for calculating the amount reported in column (c).

Carriers are directed to provide billed revenues without subtracting any expenses, allowances for uncollectibles or settlement payments and without making out of period adjustments. Therefore, do not enter negative numbers on the form.

E. Obligation to file revisions

Line (318) provides check boxes to show whether the Worksheet is the original filing or a revised filing for the year. A contributor must file a revised worksheet if it discovers an error in the data that it reports. Contributors generally close their books for financial purposes by the end of March. Accordingly, for such contributors, the April 1 filing should be based on closed books. Contributors should not include (carry back or bring forward) routine out-of-period adjustments to revenue data unless such adjustments would affect a reported amount by more than ten percent. Contributors should not file a revised April 1 Form 499-A Telecommunications Reporting Worksheet to reflect mergers, acquisitions, or sales of operating units. In the event that a contributor that filed a Form 499-A no longer exists, the successor company to the contributor's assets or operations is responsible for continuing to make payments, if any, for the funding period. However, filers should notify the universal service administrator so that the second half revenue of the surviving entity can be calculated as the total combined revenue for the year minus the first half revenue of each predecessor entity.

Contributors should file revised Form 499-A worksheets by December 31 of the same calendar year. Revisions filed after that must be accompanied by an explanation of the cause for the change along with documentation showing how the revised figures derive from corporate financial records.

F. Compliance

Contributors failing to file the Telecommunications Reporting Worksheet or to pay contributions in a timely fashion may be subject to the enforcement provisions of the Communications Act and any other applicable law. In addition, contributors may be billed by the administrators for reasonable costs, including interest and administrative costs that are caused by inaccurate or untruthful filing of the Worksheet or overdue contributions.⁷

III. Specific Instructions

A. Block 1: Contributor Identification Information

Block 1 of the Telecommunications Reporting Worksheet requires identification information.

Line (101) -- enter the "Filer 499 ID" number for the filing entity. This is a six digit number starting with an 8 that formerly was assigned as the Telecommunications Relay Service (TRS) Company Code. TRS Company Codes for carriers that filed 1998 TRS Worksheets are published in the FCC report *Carrier Locator: Interstate Service Providers*, which is available on the Commission's "FCC-State Link," web site at <www.fcc.gov/ccb/stats>. New filers can obtain Filer 499 IDs by contacting Telecommunications Reporting Worksheet Information at [To be Announced]. This code should be entered at the top of each page on the paper version of the worksheet, the cover letter, and on supporting documentation, if any.

Line (102) -- enter the legal name of the filer as it appears on articles of incorporation and other legal documents. Each legal entity must file a separate worksheet.

Line (103) -- provide the Internal Revenue Service (IRS) employer identification number (EIN) for the filer. This should be the same EIN that the company uses to file federal excise taxes or income taxes, if the company offers services subject to that tax.

Line (104) -- provide the principal name under which the company conducts telecommunications activities. This would typically be the name that appears on customer bills, or the name used when service representatives answer customer inquiries.

Line (105) -- mark the box that best describes the principal telecommunications activity of the filer. Use the following categories:

CAP/CLEC (Competitive Access Provider/Competitive Local Exchange Carrier)
-- competes with incumbent LECs to provide local exchange services or telecommunications services that link customers with interexchange facilities, local exchange networks, or other customers.

Cellular/PCS/SMR (wireless telephony) (Cellular, Personal Communications Service, and Specialized Mobile Radio - telephone service provider)
-- primarily provides wireless telecommunications services (wireless telephony). This category includes the provision of wireless telephony by resale. An SMR provider would select this category if

⁷ See 47 C.F.R. § 54.713 (universal service); 47 C.F.R. § 64.604(c)(iii)(B) (TRS). See also 47 C.F.R. § 52.17(b) (NANPA); 47 C.F.R. § 52.33(c) (LNPA).

	it primarily provides wireless telephony rather than dispatch or other mobile services.
Incumbent LEC	-- provides local exchange service. An incumbent local exchange carrier (LEC) generally is a carrier that was at one time franchised as a monopoly service provider. See 47 U.S.C. § 251(h).
IXC	(Interexchange Carrier) -- provides long distance telecommunications services substantially through switches or circuits that it owns or leases.
Local reseller	-- provides local exchange or fixed telecommunications services by reselling services of other carriers.
OSP	(Operator Service Provider) -- serves customers needing the assistance of an operator to complete calls, or needing alternate billing arrangements such as collect calling.
Paging and Messaging	-- provides wireless paging or wireless messaging services. This category includes the provision of paging and messaging services by resale.
Payphone Service Provider	-- provides customers access to telephone networks through payphone equipment, special teleconference rooms, etc. Payphone service providers also are referred to as payphone aggregators.
Pre-paid Card	-- provides pre-paid calling card services by selling pre-paid calling cards to the public or to retailers. Pre-paid card providers typically resell the toll service of other carriers and determine the price of the service by setting the price of the card and controlling the number of minutes that the card can be used for.
Private Service Provider	-- offers telecommunications to others for a fee on a non-common carrier basis. This would include a company that offers excess capacity on a private system that it uses primarily for internal purposes.
Satellite	-- provides satellite space segment or earth stations that are used for telecommunications service.
Shared Tenant Service Provider	-- manages or owns a multi-tenant location that provides telecommunications services or facilities to the tenants for a fee.
SMR (dispatch)	(Specialized Mobile Radio service provider) -- primarily provides dispatch services and mobile services other than wireless telephony. While dispatch services may include interconnection with the public switched network, this category does not include carriers that primarily offer wireless telephony.

Toll Reseller -- provides long distance telecommunications services primarily by reselling the long distance telecommunications services of other carriers.

Wireless Data -- provides mobile or fixed wireless data services using wireless technology. This category includes the provision of wireless data services by resale.

The worksheet also provides boxes for "Other Local," "Other Mobile," and "Other Toll." If one of these categories is checked, the filer should describe the nature of the service it provides.

Line (106) -- provide the name of the contributor's holding company or controlling entity, if any. The holding company need not be a common carrier. All reporting affiliates or commonly controlled contributors should have the same name appearing in Line (106). An affiliate is a "person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person." See 47 U.S.C. § 153(1).

Line (107) -- provide the name of the management company, if the contributor is managed by an entity other than itself. If the reporting entity and one or more other contributors is commonly managed, then each should show the same management company on Line (107). Contributors need not be affiliated to have a common management company. The management company would typically be the point of contact for the administrators of the support mechanisms.

Line (108) -- enter the complete mailing address of the corporate headquarters of the reporting entity.

Line (109) -- provide a business address of the reporting entity that could be used either for customer inquiries or that parties could use to contact the carrier in order to resolve complaints. If this address is the same as the mailing address of the corporate headquarters, then enter "same" on this line.

Line (110) -- enter a telephone number that can be used for customer inquiries.

Line (111) -- provide all names that the reporting entity used during the reporting period or currently uses for providing telecommunications services. The worksheet provides space for additional names for carrier activities (other than that contained on Line (104)). Use an additional sheet if this is not sufficient. Enter all names by which the contributor would be known to customers, government bodies, creditors, the press, etc. This list must include the carrier's billing agents if those parties, rather than the carrier, are identified on customer bills. This list also should include names of predecessor companies that would have filed a universal service, TRS, NANP, local number portability or Telecommunications Reporting Worksheet in the prior year. In such cases, include the prior TRS ID as part of the name. This information will be used by the administrators in instances where other information indicates that a non-filer might exist and also to ensure that entities are not billed improperly for predecessor companies that no longer exist.

B. Block 2: Contact Information

Lines (112-115) -- enter the name of the person who filled out the Form 499. This should be a person who can provide clarifications, additional information, and, if necessary, who could serve as the first point of contact in

the event that either the Commission or an administrator should choose to verify or audit information provided in the Telecommunications Reporting Worksheet.

Line (116) -- provide the name and mailing address of a corporate office to which future Telecommunications Reporting Worksheets should be sent. The next Telecommunications Reporting Worksheet will be mailed to this address unless other arrangements are made. Failure to receive a Telecommunications Reporting Worksheet from an administrator or the FCC does not relieve the contributor from its obligation to file in a timely fashion.

Line (117) -- provide a name and address for administrators to send billing information for contributions to the mechanisms. Information on establishing electronic fund transfer and bills for universal service, TRS, NANPA or local number portability administration contributions will be sent to this address unless other arrangements are made.

Lines (118-127) -- The second part of Block 2 contains information on the contributor's agents for service of process, including the agent located in the District of Columbia ("D.C. Agent"), as required of all carriers pursuant to section 1.47(h) of the Commission's rules. 47 C.F.R. § 1.47(h). All carriers must enter the name, business address, telephone or voicemail number, facsimile number, and, if available, Internet e-mail address for their designated D.C. Agent. Note that service of any notice, process, orders, decisions, and requirements of the Commission may be made upon the reporting carrier by leaving a copy thereof with this designated agent during normal business hours at the agent's office or other usual place of residence. In addition to providing the required information on the carrier's D.C. Agent, the carrier may elect to provide an alternate agent for service of process located outside the District of Columbia. Reporting entities other than carriers need only report one agent for service of process, whether located inside the District of Columbia or otherwise.

Note: All carriers must notify the FCC within one week if the contact information changes for their D.C. Agent. Any such carrier should report changes by completing page 1 of the April 1 Form 499A and filing it with the Office of the Secretary, directed to the attention of:

Chief, Formal Complaints and
Investigations Branch
Common Carrier Bureau
Rm 5-C823
445 12th Street, S.W.
Washington, D.C. 20554

C. Block 3: Contributor Revenue Information

Lines (201-202) -- enter the Filer 499 ID at the top of Block 3 in Line (201) and copy the legal name of the reporting entity from Line (102) into Line (202).

Lines (203) through (232) contain detailed revenue data.

1. Separating Revenue from Resellers from Revenue from All Other Sources
(carrier's carrier vs end user)

In the Telecommunications Reporting Worksheet, filers must report revenue from two broad types of categories: (1) Revenue from other contributors to the federal universal service support mechanisms; and, (2) Revenue from all other sources. For the purposes of this worksheet revenue from other contributors to the federal universal service support mechanisms is primarily revenue from services provided by underlying carriers to other carriers for resale, referred to here as "carrier's carrier revenue" or "revenue from resellers." Revenue from all other sources consists primarily of revenue provided to end users, referred to here as "end user revenue."

For the purpose of completing Block 3, a reseller is a telecommunications carrier or telecommunications service provider that: 1) incorporates purchased telecommunications services into its own offerings; and, 2) can reasonably be expected to contribute to federal universal service support mechanisms based on revenues from those offerings.

Note: For the purposes of filing out this worksheet -- and for calculating contributions to the universal service support mechanisms -- certain telecommunications carriers and service providers may be exempt from contribution to the universal service support mechanisms. These exempt entities, including "international only" and "intrastate only" carriers and carriers that meet the *de minimis* universal service threshold, should not be treated as resellers for the purpose of reporting revenues in Block 3. That is, filers that are underlying carriers should report revenues derived from the provision of telecommunications to exempt carriers and providers (including services provided to entities that are *de minimis* for universal service purposes) in Lines (215-231) of the Telecommunications Reporting Worksheet, as appropriate. Underlying carriers must contribute to the universal service support mechanisms on the basis of this revenue. In Block 4, however, filers may elect to report the amount of revenue from these exempt entities, including *de minimis* carriers, that was reported as end-user revenue, so that these revenues may be excluded for purposes of TRS, LNPA, and NANPA.

Each contributor should have documented procedures to ensure that it reports as revenues from resellers only revenues from entities that reasonably would be expected to contribute to support universal service. The procedures should include but not be limited to maintaining the following information on resellers: legal name; address; name of a contact person; and phone number of the contact person. If the underlying contributor does not have independent reason to know that the entity will, in fact, resell service and contribute to the federal universal service support mechanisms, then the underlying carrier should either obtain a signed statement to that effect or report those revenues as end user revenues.

2. Column (a) - total revenue

The reporting entity must report gross revenues from all sources, including nonregulated and non-telecommunications services on Lines (203) through (230) and these must add to total gross revenue as reported on Line (231). Gross revenues should include revenues derived from the provision of interstate, international, and intrastate telecommunications and non-telecommunications services. Gross revenues consist of total

revenues billed to customers during the filing period with no allowances for uncollectibles, settlements, or out-of-period adjustments. Gross billed revenues may be distinct from booked revenues. NECA pool companies should report the actual gross billed revenues (CABS Revenues) reported to the NECA pool and not settlement revenues received from the pool.

Where two contributors have merged prior to filing, the successor company should report total revenues for the reporting period for all predecessor operations. The two contributors, however, should continue to report separately if each maintains separate corporate identities and continues to operate.

Gross revenues also should include any surcharges on communications services that are billed to the customer and either retained by the contributor or remitted to a non-government third party under contract. Gross revenues should exclude taxes and any surcharges that are not recorded on the company books as revenues but which instead are remitted to government bodies. Note that any charge included on the customer bill and represented to recover or collect contributions to federal or state universal service support mechanisms must be shown separately on Line (215). Other surcharges treated as revenue should be included in the revenue categories on which the surcharges were levied.

For international services, gross revenues consist of gross revenues billed by U.S. contributors with no allowances for settlement payments. International settlement receipts for foreign billed service should not be included.

3. Columns (b) and (c) percent interstate & international

Columns (b) and (c) are provided to identify the part of gross revenues that arise from interstate and international service for each entry in Lines (203) through (229). Intrastate telecommunications means communications or transmission between points in the same State, Territory, or possession of the United States, or the District of Columbia. Interstate and international telecommunications means communications or transmission between points 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.

For example, if a prepaid calling card provider collects a fixed amount of revenue per minute of traffic, and 65 percent of minutes are interstate, then interstate revenues would include 65 percent of the per-minute revenues. Similarly, if a LEC bills local measured service charges for calls that originate in one state and terminate in another, these billings should be classified as interstate even though the charges are covered by a state tariff and the revenues are included in a local service account. Note that, under the Commission's rules, if over ten percent of the traffic carried over a private or WATS line is interstate, then the revenues and costs generated by the entire line are classified as interstate.⁸ In general, flat-rated unbundled network access elements should be classified according to the regulatory agency that has primary jurisdiction over the contracts.

Note: Where possible, filers should report their amount and percentage of total revenues that are interstate and international by using information from their books of account and other internal data reporting systems. So, where a filer can determine the precise amount of revenue that it has billed for interstate and international service, it should enter that amount in column (c) and then calculate the percentage interstate and international as the amount in column (c) divided by the amount in column (a).

⁸ See 47 C.F.R. § 36.154(a).

In many cases, interstate and international revenues cannot be determined directly from corporate books of account or subsidiary records. Filers that cannot derive interstate and international revenues or that cannot derive the line-by-line revenue breakdowns may provide on the worksheet good faith estimates of these figures. In such cases, the filer should enter the good faith estimate of the percentage of interstate and international revenues in column (b). A reporting entity may not submit a good faith estimate lower than one percent unless the correct figure should be \$0. Information supporting good faith estimates must be made available to either the FCC or to the Universal Service Administrator upon request. Using the good faith estimate, calculate the amount of interstate and international revenue as the amount in column (a) times the percentage in column (b). For convenience, calculated interstate and international revenue amounts that are greater than one thousand dollars may be rounded to the nearest thousand dollar. Please enter zero dollars in column (c) if, and only if, there were no interstate revenues for the line for the reporting period.

Note that under interim guidelines,⁹ the FCC provides the following safe harbor percentages of interstate and international revenues associated with Line (209), Line (221) and Line (222):

- 15% of cellular and broadband PCS telecommunications revenues
- 12% of paging revenues
- 1% of analog SMR dispatch revenues

Wireless telecommunications providers that chose to avail themselves of these procedures may assume that the FCC will not find it necessary to review or question the data underlying their reported percentages.

4. Explanation of revenue categories

The revenue detail provided on Lines (203) through (230) should total to total gross revenue reported on Line (231). This section explains the detailed revenue categories.

Filers are instructed to report revenues from other universal service contributors in Lines (203) through (214). Filers are instructed to report all other revenues in Lines (214) through (230). In many cases, the line-item categories are duplicated in the two sections. Carriers that are required to use the Uniform System of Accounts (USOA) prescribed in Part 32 of the Commission's rules should base their responses on their USOA account data and supplemental records, dividing revenues into those received from universal service contributors and those received from end users and other non-contributors. All filers should report revenues based on the following descriptions.

Fixed local service revenue categories

Fixed local services connect a specific point to one or more other points. These services can be provided using either wireline or wireless technologies and can be used for either local exchange service, private communications, or access to toll services.

Line (203) and Line (216) -- Monthly service, local calling, connection charges, vertical features, and other local exchange services should include the basic local service revenues except for local private line revenues, access revenues, and revenues from providing mobile or cellular services. For carriers required to use the USOA, these

⁹ *Federal-State Joint Board on Universal Service, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, CC Docket No. 096-45, 13 FCC Rcd 21252, 21258-60 (Oct 26, 1998).*

lines should include Account 5001 -- Basic area revenue; Account 5002 -- Optional extended area revenue; Account 5050 -- Customer premises revenue; Account 5060 -- Other local exchange revenue; and Account 5069 -- Other local exchange revenue settlements. Line (203) also should include amounts in Account 5004 -- Other mobile services revenue -- that were derived from connecting with mobile service carriers. Revenues for services provided to carriers should be divided between Line (203a) -- provided as unbundled network elements -- and Line (203b) -- provided under tariffs or arrangements other than unbundled network elements (for example, resale). Line (203a) should include Presubscribed Interexchange Carrier Charge (PICC) charges levied on carriers.

Line (217) -- Tariffed subscriber line and PICC charges levied on end users should contain charges to end-users (other than for special access services) specified in access tariffs. Line (217) should include revenues in Account 5081 -- End-user revenue -- as well as the appropriate portion of revenues in Account 5084 -- State access revenue. Contributors that do not have subscriber line charge tariffs on file with the Commission or with a state utility commission should report \$0 on Line (217).

Line (204) -- Per-minute charges for originating or terminating calls should include Account 5082 -- Switched access revenue -- and any revenues in Account 5084 -- State access revenue -- that were based on per-minute charges including bulk billed per minute charges. This line also would include Account 5003 -- Cellular mobile revenue (revenues to the local exchange carrier for messages between a cellular customer and another station within the mobile service area). The line should include gross charges to other carriers for the origination or termination of non-toll traffic. Do not deduct or net payments to carriers for origination or termination of traffic on their networks. Revenues for originating and terminating minutes should be divided between Line (204a) -- provided as unbundled network elements or other contract arrangements and Line (204b) -- provided under state or federal access tariffs.

Line (205) and Line (218) -- Local private line and special access service should include revenues from providing local services that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths. These lines should include amounts recorded in Account 5040 -- Local private line revenue. These lines also should include Account 5083 -- Special access revenue -- and any intrastate special access revenues in Account 5084 -- State access revenue.

Line (206) and Line (219) -- Line (206) should include revenues received from carriers as compensation for originating toll calls. Line (219) should include revenues received from customers paid directly to the payphone service provider. Line (219) primarily will consist of revenues from coin sent paid traffic and will include revenue in Account 5010 -- Payphone revenues. Do not deduct commission payments to premises owners.

Line (207) and Line (220) -- Other local telecommunications service revenues should include some revenues contained in Account 5200 -- Miscellaneous revenue -- as well as other local telecommunications service revenues that reasonably would not be included with one of the other local service revenue categories. Line (207) should include charges for physical collocation of equipment pursuant to 47 U.S.C. § 251(c)(6). Lines (207) and (220) should exclude: enhanced services; billing and collection; customer premises equipment sale, lease or insurance; published directory revenues; internet service provider charges and any non-telecommunications revenues.

Line (208) -- Universal service support revenues should include all amounts that filers receive as universal service support from either states or the federal government. Line (208) should include as revenues Lifeline Assistance reimbursement for the waived portion of subscriber line or presubscribed interexchange carrier charges or credits for subsidized services provided to schools, libraries, and rural health care providers. Line (208) should include

amounts received as cash as well as amounts received as credit against contribution obligations. Line (208) should not include any amounts charged to customers to recover universal service or similar contributions.

Mobile service

Mobile services are wireless communications between wireless equipment, such as cellular phones, and other points.

Line (209), Line (221), and Line (222) -- Data reported on these lines should contain mobile service revenues other than toll charges to mobile service customers and charges associated with customer premises equipment. A single category -- Line (209) -- is provided for all mobile service provided to resellers. For services provided to end users, Line (221) should contain monthly charges, activation fees, and service order processing charges, etc. Line (222) should contain message charges, including any roaming charges assessed for calls placed out of customers' home areas. Lines (221) and (222) should include amounts in Account 5004 -- Other mobile service revenue -- that were derived from providing service directly to the public. End-user pre-paid wireless service revenues attributable to activation and daily or monthly access charges should be reported on Line (221). End-user pre-paid wireless service revenues attributable to air time should be reported on Line (222). Toll charges to mobile service customers should be included in the Lines (225) or (226), as appropriate.

Toll carrier service revenue categories

Toll services are telecommunications services, wireline or wireless, that enable customers to communicate outside of local exchange calling areas. Toll service revenues include intrastate, interstate, and international long distance services.

Line (223) -- This line should include revenues from pre-paid calling cards provided either to customers or to retail establishments. Gross billed revenues should represent the amounts actually paid by customers and not the amounts paid by distributors or retailers, and should not be reduced or adjusted for discounts provided to distributors or retail establishments. All pre-paid card revenues are classified as end-user revenues.

Line (224) - International calls that both originate and terminate in foreign points are excluded from the universal service contribution base regardless of whether the service is provided to resellers or to end-users. These revenues should be segregated from other toll revenues by showing them on Line (224). Contributors should not report international settlement revenues from traditional settlement transiting traffic on the Worksheet.

Line (210) and Line (225) -- Operator and toll calls with alternative billing arrangements should include all calling card or credit card calls, person-to-person calls, and calls with alternative billing arrangements such as third number billing, collect calls, and country-direct type calls that either originate or terminate in a U.S. point. These lines should include all charges from toll or long distance directory assistance. Lines (210) and (225) should include revenues from all calls placed from all coin and coinless, public and semi-public, accommodation and prison telephones, except that calls that are paid for via pre-paid calling cards should be included in Line (223) and calls paid for by coins deposited in the phone should be included in Line (219).

Line (211) and Line (226) -- Ordinary long distance and other switched toll services should include amounts from Account 5100 -- Long distance message revenue -- except for amounts reported on Lines (210), (219), (223), (224) or (225). Line (211) and Line (226) should include ordinary message telephone service (MTS), WATS, toll-free, 900, "WATS-like," and similar switched services. This category includes most toll calls placed for a fee and

should include flat monthly charges, such as account maintenance charges or monthly minimums, billed to customers.

Line (212) and Line (227) -- Long distance private line service should include revenues from dedicated circuits, private switching arrangements, and/or predefined transmission paths, extending beyond the basic service area. This category should include revenues from the resale of special access services. Line (212) and Line (227) should include Account 5120 -- Long distance private network revenue.

Line (213) and Line (228) -- Satellite service should contain revenues from providing space segment service and earth station link-up capacity used for providing telecommunications or telecommunications services via satellite. Revenues derived from the lease of bare transponder capacity should not be included in Lines (213) and (228).

Line (214) and Line (229) -- All other long distance should include all other revenues from providing long distance communications services. These lines should include Account 5160 -- Other long distance revenue.

Other revenue categories

Line (215) -- Itemized charges levied by the reporting entity in order to recover contributions to state and federal universal service support mechanisms should be classified as end-user billed revenues and should be reported on Line (215). Any charge that is identified on a bill as recovering contributions to the universal service support mechanisms must be shown on Line (215).

Line (230) -- Other revenue that should not be reported in the contribution bases. Filers may have revenues on their books that are not derived from telecommunications or that are derived from telecommunications-related functions that should not be included in the universal service contribution base. For example, information services offering a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications are not included in the universal service contribution base. Information services do not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service. Information services also are called enhanced services because they are offered over common carrier transmission facilities used in interstate communications and employ computer processing applications that act on the format, content, code, protocol, or similar aspects of the subscriber's transmitted information; provide the subscriber additional, different, or restructured information; or involve subscriber interaction with stored information. These services are exempt from contribution requirements and should be reported in Line (230). Line (230) should include Account 5230 -- Directory revenues -- and Account 5270 -- Carrier billing and collection revenue. Line (230) should include revenues from the sale, lease, maintenance, or insurance of customer premises equipment (CPE), inside wiring maintenance insurance, and all non-telecommunications service revenues on the reporting entity's books.

Line (231) -- Gross billed revenues from all sources should equal the sum of revenues by type of service reported on Lines (203) through (230).

Line (232) -- Universal service contribution base. Enter the subtotal of Lines (215) through (223) and Lines (225) through (229). The totals on this line represent end-user revenues for the purpose of determining contributions to universal service. Note that these lines contain end-user revenues from carriers and telecommunications service providers that are exempt (e.g., carriers that meet the *de minimis* exception, or that provide "international only" service) for the purpose of contributing to universal service support mechanisms. Since these entities generally do contribute to the TRS, local number portability, and NANPA mechanisms, revenue from these

entities need not be included in contribution bases for those mechanisms. Thus, underlying carriers may, if they elect to, identify these amounts on Line (312).

G. Block 4: Certification.

Lines (301-302) -- enter the Filer 499 ID at the top of Block 3 in Line (201) and copy the legal name of the reporting entity from Line (102) into Line (202).

Line (303) -- In this line, filers may certify that they are exempt from one or more contribution requirement. As explained above, the Form 499 Telecommunications Reporting Worksheet enables telecommunications carriers and service providers to satisfy a number of requirements in one consolidated form. Not all entities that file the Telecommunications Reporting Worksheet must contribute to all of the support and cost recovery mechanisms (universal service, local number portability, TRS, and NANPA). For example, certain telecommunications service providers that are not telecommunications carriers must contribute to the universal service support mechanisms, but not to the TRS, local number portability, and NANPA mechanisms). Section IV-A provides summary information on which filers are must contribute and which filers are exempt from particular contribution requirements.

Note: It is not necessary for a filer to certify that it is *de minimis* for universal service purposes because the universal service administrator can determine whether a filer meets the contribution threshold from other information provided on the form. If, however, a reseller qualifies for the *de minimis* exemption, it must notify its underlying carriers that it is not contributing directly to universal service, so that it may be treated as an end user when the underlying carriers file Form 499.

Lines (304-311) -- In these lines, filers should identify the percentages of their revenues by LNPA region. Filers that have certified that they are exempt from contributing to the shared costs of local number portability need not provide these breakdowns. Carriers should calculate or estimate the percentage of revenue that they billed in each region based on the amount of service actually provided in the parts of the United States listed for each region. The percentages in column (a) should add to 100% unless the filer did not provide any services to other universal service contributors. The percentages in column (b) should add to 100% unless the filer did not provide any telecommunications services to end users or non-contributing carriers. Carriers do not need to complete column (a) if they have some end-user revenues in each of the regions in which they have carrier operations.

Line (312) - see instructions for Line (232) in Section III-C-5.

Line (313) -- Filers may use the box in Line (313) to request nondisclosure of the revenue information contained on the Telecommunications Reporting Worksheet. By checking this box, the officer of the company signing the Worksheet certifies that the information contained on the Worksheet is privileged or confidential commercial or financial information and that disclosure of such information would likely cause substantial harm to the competitive position of the company filing the Worksheet. This box may be checked in lieu of submitting a separate request for confidentiality pursuant to section 0.459 of the Commission's rules.¹⁰ All decisions regarding

¹⁰ 47 C.F.R. § 0.459. See also *Examination of Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, Report and Order, FCC 98-184, GC Docket No. 96-55 (rel. Aug. 1998) (listing the showings required in a request that information be withheld and stating that the Commission may defer action on such

disclosure of company-specific information will be made by the Commission. The Commission regularly makes publicly available the names (and Block 1 and 2-B contact information) of the entities that file the Telecommunications Reporting Worksheet, including entities that checked the box in Line (313).

Lines (314-318) -- An officer of the reporting entity must examine the data provided in the Telecommunications Reporting Worksheet and certify that the information provided therein is accurate. An officer is a person who occupies a position specified in the corporate by-laws (or partnership agreement), and would typically be president, vice president for operations, vice president for finance, comptroller, treasurer, or a comparable position. If the reporting entity is a sole proprietorship, the owner must sign the certification.

Line (318) - Indicate whether this filing is an original filing or a revised filing. See Section II-F.

IV. Calculation of Contributions

A. Contribution Requirements

Most filers must contribute to the universal service, TRS, NANPA, and LNPA funding mechanisms. This section provides a short summary to assist carriers and service providers in determining whether they must contribute to one or more of the mechanisms. Filers should consult the Commission's rules and orders to determine whether they must contribute to one or more of the mechanisms.

Federal universal service support mechanisms. Entities that provide interstate telecommunications to the public for a fee will be considered telecommunications carriers providing interstate telecommunications services and must contribute to the universal service support mechanisms. See 47 C.F.R. § 54.703.

Telecommunications Relay Services. Every common carrier providing interstate telecommunications services shall contribute to the TRS Fund. See 47 C.F.R. § 64.604.

North American Numbering Plan Administration. All telecommunications carriers in the United States shall contribute to meet the costs of establishing numbering administration. See 47 C.F.R. § 52.17.

Shared Costs of Local Number Portability. The shared costs of long-term number portability attributable to a regional database shall be recovered from all telecommunications carriers providing telecommunications service in that region. See 47 C.F.R. § 52.32.

Figure 3 summarizes which telecommunications carriers and service providers must file for particular purposes.

requests until a formal request for public inspection has been made).

Figure 3: Which telecommunications service providers must contribute for which purposes.

	Universal Service	TRS	NANPA	LNPA
Filing required	April 1 (499-A) and September 1 (499-S)	April 1 (499-A)		
<i>De minimis</i> payphone aggregators that do not also have telecommunications carrier revenue		X		
Other payphone aggregators that do not also have telecommunications carrier revenue	X	X		
Private telecommunications service providers (i.e., with no telecommunications carrier revenue) that are <i>de minimis</i>				
Private telecommunications services providers (i.e., with no telecommunications carrier revenue) that offer interstate telecommunications for a fee	X			
Telecommunications carriers that provide services either: 1) only to other universal service contributors; or 2) only international-to-international services; or 3) only international services.		X	X	X
Telecommunications carriers that provide only intrastate services			X	X
Satellite carriers providing interstate telecommunications services	X	X	X	X
<i>De minimis</i> telecommunications carriers providing interstate telecommunications		X	X	X
All other telecommunications carriers providing interstate telecommunications	X	X	X	X

B. Contribution Bases

Filers do not calculate, in this worksheet, the amounts that they must contribute. The administrators will use the revenue information on the worksheet to calculate a funding base and individual contributions for each support mechanism. Individual contributions are determined by use of "factors" -- factors reflect the total funding requirement of a particular mechanism divided by the total contribution base for that mechanism. Information on the contribution bases and individual filer contributions are shown in Figure 4.

Figure 4: Contribution bases

Support Mechanism	Funding Basis
Universal service low cost and high income	Line (232) - (c)
Universal service schools and libraries and rural health care	Line (232) - (a)
TRS (Filers with end user revenue must pay a minimum of \$25)	Line (232) - (c) plus Line (224) - (c) less Line (312) - (c)
NANPA (Filers with end user revenue must pay a minimum of \$25. Filers with no end user revenue must pay \$25)	Line (232) - (a) plus Line (224) - (a) less Line (312) - (a)
LNPA - by region (Filers with no end user revenue must pay \$100)	Line (232) - (a) plus Line (224) - (a) less <u>Line (312) - (a)</u> times percentage of end user revenue shown in Lines (304) through (310)

V. Reminders

- # Each legal entity must file separately. Each affiliate or subsidiary should show the same holding company name on Line (106).
- # Provide data for all lines that apply. Show a zero for services for which the contributor had no revenues for the filing period.
- # Some contributors must file twice a year. Filers that are required to contribute to universal service support mechanisms are also required to file a Form 499-S on September 1.
- # Wherever possible, revenue information should be taken from the contributors' financial records.
- # The Worksheet must be signed by an officer of the reporting entity. An officer is a person who occupies a position specified in the corporate by laws (or partnership agreement), and would typically be president, vice president for operations, comptroller, treasurer, or a comparable position.
- # Do not mail the worksheet to the FCC. See Section II-B for filing instructions.

If you have questions about the worksheet or the instructions, you may contact:

Form 499 Telecommunications Reporting
Worksheet Information [To be Announced]
Common Carrier Bureau
Industry Analysis Division (202) 418-0940
TTY (Network Services Division) (202) 418-0484

If you have questions regarding contribution amounts, billing procedures or the mechanisms, you may contact:

Universal Service Administration (973) 560-4400
TRS Administration (973) 418-0948
NANPA Billing and Collection Agent (973) 884-8542
Local Number Portability Administrators (877) 245-5277

- FEDERAL COMMUNICATIONS COMMISSION -

September Version: FCC Form 499-S

1999 FCC Form 499-S Telecommunications Reporting Worksheet

Approval by OMB
3060-0855
Expires __/__/__

>>> Please read instructions before completing. <<<

Short Form -- Universal Service Contributors only -- due September 1

Block 1: Contributor Identification Information		101	Filer 499 ID
102 Legal name of reporting entity			
103 IRS employer identification number			
104 Name telecommunications service provider is doing business as			
105 Principal communications business (check the one that best describes the reporting entity -- see directions)			
<input type="checkbox"/> CAP/CLEC <input type="checkbox"/> Cellular/PCS/SMR (wireless telephony incl. by resale) <input type="checkbox"/> Incumbent LEC <input type="checkbox"/> IXC <input type="checkbox"/> Local Reseller <input type="checkbox"/> OSP <input type="checkbox"/> Paging & Messaging <input type="checkbox"/> Payphone Service Provider <input type="checkbox"/> Pre-paid Card <input type="checkbox"/> Private Service Provider <input type="checkbox"/> Satellite <input type="checkbox"/> Shared Tenant Service Provider <input type="checkbox"/> SMR (dispatch) <input type="checkbox"/> Toll Reseller <input type="checkbox"/> Wireless Data <input type="checkbox"/> Other Local <input type="checkbox"/> Other Mobile <input type="checkbox"/> Other Toll			
If Other Local, Other Mobile or Other Toll is checked, describe carrier type / services provided:			
106 Holding company [All affiliated companies should show same name here]			
107 Complete mailing address of reporting entity corporate headquarters			

Block 2: Contact Information	
108 Person who completed this worksheet	
109 Telephone number of this person	() -
110 Fax number of this person	() -
111 E-mail of this person	
112 Corporate office, attn. name, and mailing address to which future Telecommunications Reporting Worksheets should be sent	
113 Billing address: [Bills for Universal Service contributions will be sent to this address.]	

Block 3: Contributor Revenue Information				
Filing Period	Billed revenue for January 1 through June 30 of 1999	Total Revenue	Percent Interstate & International	Interstate and International Revenue
		(a)	(b)	(c)
114	Revenue from service provided to other contributors for resale [Form 499-A lines 203 - 214]		%	
115	Contribution Revenues [Form 499-A lines 215 - 223 and 225 - 229]		%	
116	Other Revenues [Form 499-A lines 224 and 230]			
117	Gross billed revenue from all sources [sum of above]			

Block 4: CERTIFICATION: to signed by an officer of the filer	
118 I certify that the revenue data contained herein is 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. <input type="checkbox"/>	
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 and that said Worksheet is an accurate statement of the affairs of the above-named company for the previous calendar year.	
119	Signature _____
120	Printed name of officer _____
121	Position with reporting entity _____
122	Date _____
123	This filing is: <input type="checkbox"/> Original filing <input type="checkbox"/> Revised filing [revisions due by April 1, 2000]

Do not mail checks with this form. Send this form to: Telecommunications Reporting Worksheet, Box _____, _____
For additional information regarding this worksheet contact: Telecommunications Reporting Worksheet information (xxx) TBA-xxxx

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

Statement of Commissioner Harold W. Furchtgott-Roth

Re: 1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms (CC Docket No. 98-171)

I support adoption of this Report and Order wherein, pursuant to the Commission's duty under Section 11(b) of the Communications Act of 1934, as amended, 47 U.S.C. Sect. 161(b), we have simplified the Commission's filing requirements for communications service providers. The regulations at issue here were chosen for repeal or modification as part of the Commission's 1998 Biennial Review, which was conducted pursuant to Section 11(a) of the Act, *Id.* at Sect. 161(a). However, as thoroughly described in my *Report on Implementation of Section 11 by the Federal Communications Commission* (Dec. 21, 1998), which can be found on the FCC WWW site at <<http://www.fcc.gov/commissioners/furchtgott-roth/reports/sect11.html>>, I believe that the 1998 Section 11(a) review was not as thorough as it should have been. I look forward to working with the chairman and other commissioners on the 2000 Biennial Review, planning for which should begin very soon.

* * * * *