

# Form 499 & Billing

## An Overview



October 2011 | Denver, CO

# Who MUST File the Form 499-A?

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“ALL intrastate, interstate and international providers of **telecommunications** within the United States, with very limited exceptions, must file the FCC Form 499-A.”

**TELECOMMUNICATIONS:** (defined by FCC for FCC Form 499-A purposes)

“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.”

# Who MUST File the Form 499-A?

Types of entities responsible for filing Form 499 include (but are not limited to):

- |   |  |
|---|--|
| • wireless telephone, including cellular and personal communications services (PCS) | • wide area telecommunications services (WATS) |
| • paging and messaging services   | • private line                                 |
| • dispatch services   | • telex  |
| • mobile radio services   | • telegraph                                    |
| • operator services   | • video services                               |
| • access to interexchange service   | • satellite services                           |
| • special access  | • resale services                              |
| • message telephone services (MTS)  | • frame relay and ATM services                 |
| • subscriber toll-free services   | • interconnected VoIP services                 |

# When Do You File Form 499s?

TYPE	DUE DATE	REVENUE REPORTED	FUND(S)
<b>499A</b>	<b>April 1</b>	Annual actual billed revenue	TRS, NANP, LNP & USF
<b>499Q</b>	<b>May 1</b>	3Q projected billed & collected revenue 1Q actual billed revenue	USF
<b>499Q</b>	<b>Aug 1</b>	4Q projected billed & collected revenue 2Q actual billed revenue	USF
<b>499Q</b>	<b>Nov 1</b>	1Q projected billed & collected revenue 3Q actual billed revenue	USF
<b>499Q</b>	<b>Feb 1</b>	2Q projected billed & collected revenue 4Q actual billed revenue	USF



Form 499 & Billing

**Form 499 Submittals**

# Submitting a Form 499

## E-File!

<https://forms.universalservice.org>

Existing users may log in below

**E-File Sign In**

User ID:

Password:

[Forgot password](#)

New users, please select from the options below:

- [New Service Provider](#)
- [New Contributor](#)

## Hard Copy (mail)

FCC Form 499-Q Telecommunications Reporting Worksheet		
Quarterly Filing for Universal Service Contributors		>>> Please read instructions
<b>Block 1: Contributor Identification Information</b>		101
102	Legal name of reporting entity	
103	IRS employer identification number	
104	Name telecommunications provider is doing business as	
105	Holding company [All affiliated companies should show same name here.]	
106	FCC Registration Number (FRN)	
107	Complete mailing address of reporting entity's corporate headquarters	
<b>Block 2: Contact Information</b>		
108	Person who completed this worksheet	First MI
109	Telephone number of this person	(    ) -
110	Fax number of this person	(    ) -
111	Email of this person	
112	Billing address and billing contact person: [Bills for Universal Service contributions will be sent to this address.]	

## HARD COPY

- Officer signs Form 499 (certifying information submitted).
- Mail to USAC.
- Forms received are date-stamped **(form must be received by USAC by the due date or the form is late!)**.
- Form data entered into USAC's E-File System.
- Data doubled-checked by Form 499 analyst to ensure accuracy.

## ONLINE E-File

- Log in to E-File.
- Prepare the Form 499.
- Officer “certifies” information is correct (with electronic signature).
  - User ID (batch ID)
  - Date certified (postmark & receive dates)
- No hard copy required.



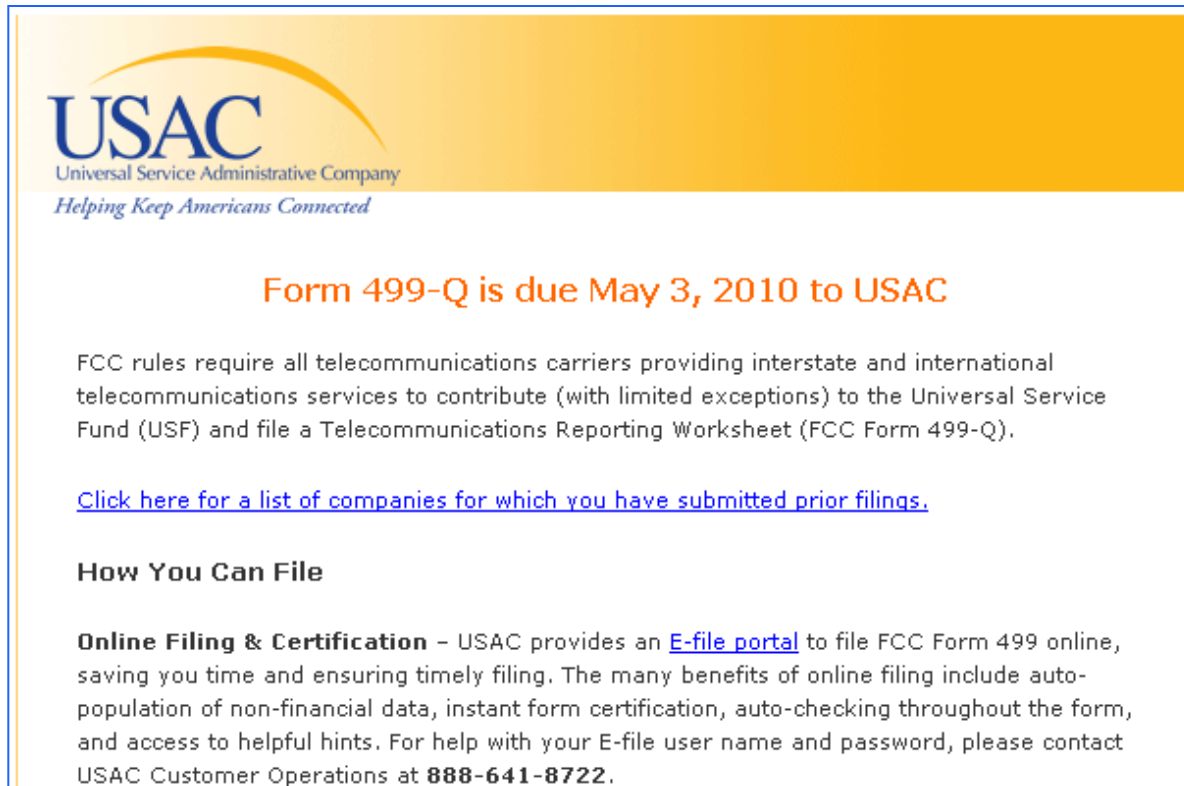
## ONLINE E-File System...Advantages!


- Pre-populates all non-financial data from previous filings.
- Has automated checks and helpful hints to help preparers file their form accurately and in compliance with FCC instructions.

The image shows a screenshot of a tax form with an Adobe Reader error message overlay. The error message is a dialog box with a blue title bar that says "Adobe Reader" and a red 'X' icon. The text of the message reads: "Please note that Column B (interstate revenue) plus Column C (international revenue) can not be more than the value in Column A (intrastate, interstate and international revenue)." There is an "OK" button at the bottom right of the dialog box. The background shows a portion of a tax form with fields for "his person", "son", "nd billi", "l Servic", "address", "storica", "l reven", and a table with columns for "August 1", "November 1", "April 1 - June 30", "July 1 - September 30", "October 1 - December 31", and "January 1 - March 31 (following cal". There are also some numbers like "( 333 ) - 333-3333" and "ftheobald@usac.org" visible.

## Standard Form 499 E-mails:

- **Form 499 Notice** – notifies filers of upcoming filing due dates and recently issued FCC orders.



**USAC**  
Universal Service Administrative Company  
*Helping Keep Americans Connected*

**Form 499-Q is due May 3, 2010 to USAC**

FCC rules require all telecommunications carriers providing interstate and international telecommunications services to contribute (with limited exceptions) to the Universal Service Fund (USF) and file a Telecommunications Reporting Worksheet (FCC Form 499-Q).

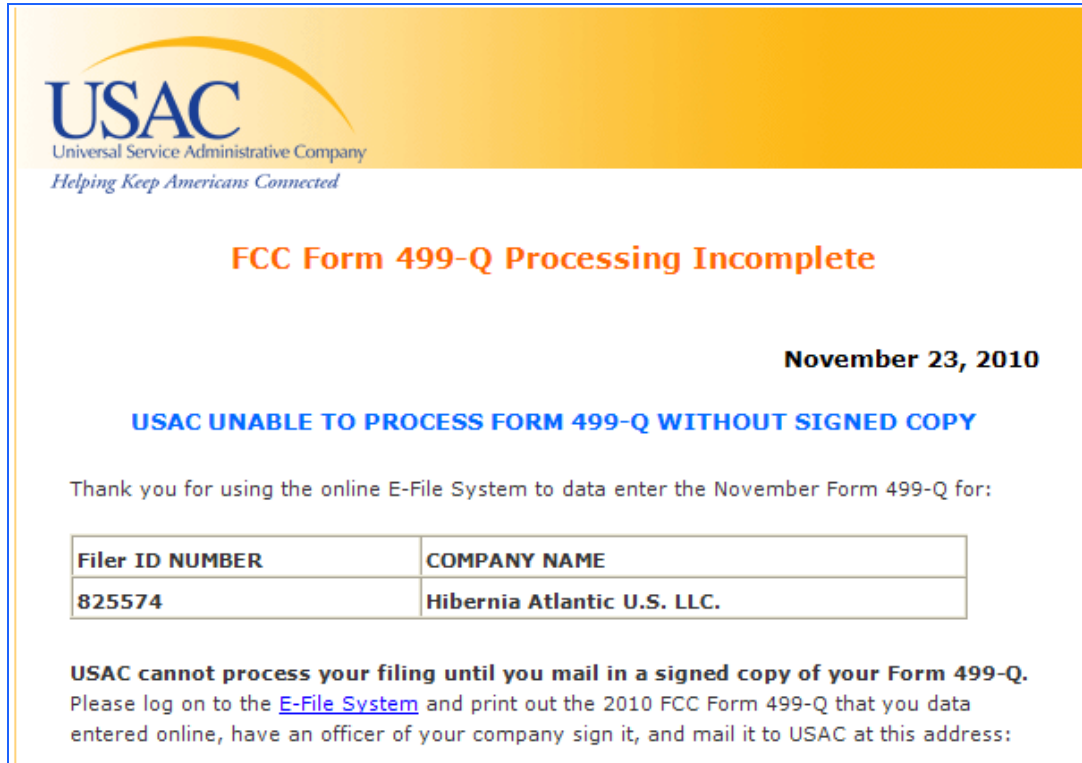
[Click here for a list of companies for which you have submitted prior filings.](#)

**How You Can File**

**Online Filing & Certification** – USAC provides an [E-file portal](#) to file FCC Form 499 online, saving you time and ensuring timely filing. The many benefits of online filing include auto-population of non-financial data, instant form certification, auto-checking throughout the form, and access to helpful hints. For help with your E-file user name and password, please contact USAC Customer Operations at **888-641-8722**.

## Standard Form 499 E-mails:

- **Non-responder Notice** – notifies filers that USAC has not received their latest Form 499 filing.



The screenshot shows an email header with the USAC logo and tagline. The main subject is "FCC Form 499-Q Processing Incomplete" in orange text. The date is "November 23, 2010". The body text states "USAC UNABLE TO PROCESS FORM 499-Q WITHOUT SIGNED COPY" in blue. It thanks the filer for using the E-File System and provides a table with the filer's ID number and company name. The email concludes with instructions to mail in a signed copy of the form.

**USAC**  
Universal Service Administrative Company  
*Helping Keep Americans Connected*

**FCC Form 499-Q Processing Incomplete**

**November 23, 2010**

**USAC UNABLE TO PROCESS FORM 499-Q WITHOUT SIGNED COPY**

Thank you for using the online E-File System to data enter the November Form 499-Q for:

Filer ID NUMBER	COMPANY NAME
825574	Hibernia Atlantic U.S. LLC.

**USAC cannot process your filing until you mail in a signed copy of your Form 499-Q.**  
Please log on to the [E-File System](#) and print out the 2010 FCC Form 499-Q that you data entered online, have an officer of your company sign it, and mail it to USAC at this address:

# Form 499-Q 1-2-3 Quick Check

*Helping Keep Americans Connected*

1

Block 3: Contributor Historical and Projected Revenue Information			
113	Year of historical revenue information		
114	Indicate which quarterly filing this represents	<input type="checkbox"/>	<u>Filing due</u>
		<input type="checkbox"/>	February 1
		<input type="checkbox"/>	May 1
		<input type="checkbox"/>	August 1
		<input type="checkbox"/>	November 1
		<u>Historical revenues for</u>	<u>Projected revenues for</u>
		October 1 - December 31 (prior year)	April 1 - June 30
		January 1 - March 31	July 1 - September 30
		April 1 - June 30	October 1 - December 31
		July 1 - September 30	January 1 - March 31 (following calendar year)

2

Historical billed revenues with no allowance or deductions for uncollectibles. See instructions.		Total Revenues (a)	Interstate Revenues (b)	International Revenues (c)
115	Telecommunications provided to other universal service contributors for resale as telecommunications or as interconnected VoIP			
116	End-user telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues			
117	All other goods and services		Column (b) and (c) not requested for Lines 117 and 118	
118	Gross-billed revenues from all sources [sum of above]			
119	Projected gross-billed end-user interstate and international telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues			
120	Projected collected end-user interstate and international telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues			

3

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

122 Signature

# Form 499-Q 1-2-3 Quick Check

1

## Form 499-Q Filing Identifier (Lines 113 & 114)

- **Line 113:** year of historical revenue should be year that the filing was due (exception: February 499Q year of historical revenue will be the prior year)
- **Example:** May 2010 Form 499Q Line 113 will be 2010

### Block 3: Contributor Historical and Projected Revenue Information

113	Year of historical revenue information	2010		
114	Indicate which quarterly filing this represents	<input type="checkbox"/> February 1 <input checked="" type="checkbox"/> May 1 <input type="checkbox"/> August 1 <input type="checkbox"/> November 1	<u>Filing due</u> <u>Historical revenues for</u> October 1 - December 31 (prior year) January 1 - March 31 April 1 - June 30 July 1 - September 30	<u>Projected revenues for</u> April 1 - June 30 July 1 - September 30 October 1 - December 31 January 1 - March 31 (following calendar year)

# Form 499-Q 1-2-3 Quick Check

## 1 Form 499-Q Filing Identifier (Lines 113 & 114)

- Ensure correct filing has been checked off

### Block 3: Contributor Historical and Projected Revenue Information

113	Year of historical revenue information	2010		
114	Indicate which quarterly filing this represents	<input type="checkbox"/> Filing due February 1 <input checked="" type="checkbox"/> <b>May 1</b> <input type="checkbox"/> August 1 <input type="checkbox"/> November 1	<u>Historical revenues for</u> October 1 - December 31 (prior year) January 1 - March 31 April 1 - June 30 July 1 - September 30	<u>Projected revenues for</u> April 1 - June 30 July 1 - September 30 October 1 - December 31 January 1 - March 31 (following calendar year)

## 2 End User Interstate & International Revenues (Lines 116, 119, & 120)

- Do you have End User Interstate and/or International Revenues?

✓ **YES:** check to make sure revenues are listed on lines 116, 119, and 120 and that numbers are fairly similar (~+/-30%)

Line 116	\$350,000.00	\$10,000.00
	Column (b) and (c) not requested for Lines 117 and 118	
Line 119	\$300,000.00	\$9,000.00
Line 120	\$290,000.00	\$8,900.00

# Form 499-Q 1-2-3 Quick Check

## 2 End User Interstate & International Revenues (Lines 116, 119, & 120)

- Do you have End User Interstate and/or International Revenues?
- ✓ **NO:** check to make sure you have reported **\$0.00** on lines 116, 119, and 120.

Line 116	→	\$0.00	\$0.00
Column (b) and (c) not requested for Lines 117 and 118			
Line 119	→	\$0.00	\$0.00
Line 120	→	\$0.00	\$0.00



# Form 499-Q 1-2-3 Quick Check

## 2 End User Interstate & International Revenues (Lines 116, 119, & 120)

- If you have reported revenue on Line 116 but have **stopped** providing End User Interstate and/or International services, you should report **\$0.00** on Lines 119 and 120.

Line 116	\$500,000.00	\$5,000.00
	Column (b) and (c) not requested for Lines 117 and 118	
Line 119	\$0.00	\$0.00
Line 120	\$0.00	\$0.00

## 2 End User Interstate & International Revenues (Lines 116, 119, & 120)

- If you have reported \$0 on Line 116 and are going **to start** providing End User Interstate and/or International services, you should report revenues on Lines 119 and 120.

Line 116	\$0.00	\$0.00
	Column (b) and (c) not requested for Lines 117 and 118	
Line 119	\$50,000.00	\$5,000.00
Line 120	\$45,000.00	\$4,000.00

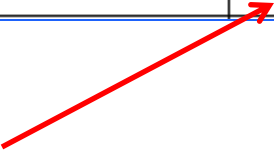
# Form 499-Q 1-2-3 Quick Check

## 3 Signature (Line 122)

- Make sure your Company Officer has signed the Form 499Q.
- Be sure you are sending USAC the original – **NOT** a photocopy.

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

122 Signature



# Form 499 & Billing

## **Who Uses Form 499?**

## **Universal Service Fund (USF)**

## **Telecommunications Relay Service (TRS)**

- A telephone service allowing persons with hearing or speech disabilities to place and receive telephone calls.

## **North American Numbering Plan (NANP)**

- Integrated telephone numbering plan serving 19 North American countries that share its resources.

## **Local Number Portability (LNP)**

- LNP allows consumers to transfer an existing landline telephone number from one carrier to another with some limitations (Form 499-A only).

## **Federal Communications Commission (FCC)**

- FCC Regulatory Fees for interstate telecommunications providers.



# Form 499 & Billing

## **USF Billing**

## Background

- FCC sets quarterly contribution factors based on cumulative revenue reported by carriers on Form 499-Q.
- Carriers are permitted to pass USF charges through to customers.
- Revenue generated must be reported on Form 499.
- FCC sets a quarterly circularity factor to reduce contribution amounts (prevents assessing further USF fees on pass-through charges).
- Circularity factor is same for all carriers (whether or not they pass-through charges to customers).



## **Quarterly Telecommunications Worksheet (Form 499-Q)**

- Filed by carriers.
- Used to determine carriers' monthly USF contribution obligation.
- Obligations assessed based on projected, collected end-user interstate and international revenues (Line 120).

**De Minimis:** Carriers with annual contributions < \$10,000 are not required to contribute.

- Form 499Q – USAC uses FCC Contribution and Circularity Factors to determine *de minimis* status.
- Form 499A – USAC uses average of the FCC Contribution and Circularity Factors to determine *de minimis* status.

## De Minimis

- **Monthly Charges:** *De minimis* test performed on both Form 499-Q (for current quarter) & latest Form 499-A.
- If *de minimis* on both forms, company is exempt from USF charges.
- *De minimis* test is conducted on an individual basis.
- Company needs to be *de minimis* on both their current Form 499Q and their last filed Form 499A to not to be billed by USAC.



Form 499 & Billing

**True Up**

## Purpose of the True Up:

- Determines who was *de minimis* for prior calendar year.
  - Reverses billings associated with that status.
- Compares quarterly filings to the year-end annual filing.
  - Adjusts non *de minimis* accounts for any differences in the revenue reported.

## True Up process:

- Four quarters of projected, collected revenue compared to corresponding Form 499-A filing.
- If the **sum of 499-Qs exceeds the 499-A**: credits are issued on July – September invoices.
- Credits calculated using average of the two lowest contribution factors and associated circularity factors in place during the quarterly billings.

## True Up process:

- If the **sum of 499-Qs is less than the 499-A**: charges are issued on July – September invoices.
- Charges calculated using average of the two highest contribution factors and associated circularity factors in place during quarterly billings.
- Revised 499A Forms result in recalculation of the true up.
- Resulting recalculation is compared to original true up to determine credits or adjustments due.

## **COMPANY: Going out of business**

- Company goes out of business mid-year – not responsible for filing Form 499-A for that calendar year.

## **COMPANY: Sales, mergers, consolidations**

- Purchasing company responsible for reporting all revenues from purchased company for complete reporting year on Form 499A unless stipulated otherwise.
- USAC uses combined Form 499Q revenues of both companies when calculating purchasing company's Form 499A True Up.





# Form 499 & Billing

## **Audit**

## Form 499-A Instructions

- Filers shall maintain records and documentation to justify information reported in the Telecommunications Reporting Worksheet, including the methodology used to determine projections and allocate interstate revenues, for five years.
- Filers shall provide records and documentation to the Commission, the Administrator, or their auditors upon request.

## Form 499-A Instructions

- Review by the Commission or the Administrator may cover any existing corporate records, not just those specifically maintained for the five year period.
- Entities that acquire carrier operations through acquisition of property, consolidation, merger, etc., must maintain the records of the acquired entity.

## **FCC Order DA 10-752**

Service providers leasing or purchasing transmission from telecommunications carriers to provide wireline broadband Internet access services are not required to contribute to the USF for revenues derived from the provision of that service.

If service providers lease or purchase transmission service offered on a common carrier basis (whether from an affiliated entity or a third party) they are end users of that telecommunications service, and the telecommunications carrier providing the leased telecommunications services is obligated to contribute to the USF on those revenues.

## **Block 3 Revenues: Wholesale Revenues**

“Reseller” is a telecommunications carrier or telecommunications provider that:

1. Incorporates purchased telecommunications services into its own telecommunications offerings.
2. Can reasonably be expected to contribute to federal universal service support mechanisms based on revenues from such offerings when provided to end users.

## **Private Line: Revenues**

“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.”

## **Line 418 Revenues: Non-Telecommunications**

Two “safe harbor” methods for allocating revenue when telecommunications and CPE/enhanced services are offered as a bundled package:

1. Report revenues from bundled telecommunications and CPE/enhanced service offerings based on the unbundled service offering prices, with no discount from bundled offering being allocated to telecommunications.
2. Contributors may elect to treat all bundled revenues as telecommunications revenues for purposes of determining their universal service obligations.

## Subscriber Line Charges (SLC)

- Filers without subscriber line charge revenue must identify interstate portion of fixed local exchange service revenues in column (d) of the appropriate line.
- If a company has no tariffed SLC, these methods could be used to determine the interstate portion of fixed local exchange service revenues:
  - Use the SLC of the Incumbent Local Exchange Carrier (ILEC) and apply it against the number of fixed local exchange lines for the given period.



## Subscriber Line Charges (SLC)

- Derive an interstate percentage based on the ILEC's SLC as compared to its fixed local rate and apply it against your company's fixed local exchange revenues.
- National average percentage of the fixed local exchange revenues from calendar year 2009 reported as interstate by the Five Holding Companies With Most End-User Revenues published in the Telecommunications Industry Revenue Report.

## Revenue Reporting

- Revenues from services used for voice services and broadband internet access (e.g., T-1s, flex T's,)
  - Service providers leasing or purchasing transmission from telecommunications carriers to provide wireline broadband Internet access services are not required to contribute to the USF for revenues derived from the provision of that service.

## Revenue Reporting

- Service providers leasing or purchasing transmission service offered on a common carrier basis are end users of that service; therefore, the carrier providing the leased telecommunications services is obligated to contribute to the USF on those revenues.

## Revenue Reporting

- Revenues from Private line circuits (XO Petition)
  - **Rule:** “If over ten percent of the traffic over line is interstate, then the revenues and costs generated by the entire line are classified as interstate.”
  - Carriers can determine the jurisdiction of the usage based on the customer certifications as required under the rules.

## Revenue Reporting

- Carriers' Carrier Revenues
  - Wholesale providers are not liable for USF contributions on services provided to reseller carrier customers, as long as the wholesale provider has received the proper certification that the reseller customer is itself a contributor to the USF program.
  - Carriers are only responsible for the activities of carriers which they have direct business dealings with.

## Revenue Reporting

- **KEY:** “Reseller” is a telecommunications carrier or provider that:
  - Incorporates purchased telecommunications services into its own end user service offerings; and
  - Must contribute to federal universal service support mechanisms based on revenues from its end user service offerings.

## Universal Service Charges

- Any charge identified on a bill as recovering contributions to universal service support mechanisms must be shown on Line 403.
- Charges should be identified as either interstate or international revenues, as appropriate.
- Filers should report intrastate revenues on Line 403 only to the extent that actual payments to state universal service programs were recovered by pass-through charges itemized on customer bills.

# Thank You!

To learn more, visit:

[www.usac.org/fund-administration/](http://www.usac.org/fund-administration/)

Rob Binder  
Director | Industry Support High Cost  
and Low Income Division