From: 498/499 Spotlight <NoReply@usac.org>
Sent: Thursday, October 26, 2017 3:41 PM

Subject: 498/499 Spotlight Newsletter--4th Quarter

Upcoming deadlines, compliance tips, and more
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Universal Service Administrative Co.

498/499 Spotlight

Fourth Quarter 2017

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The Bottom Line: Audit Tips

Reporting Non-Telecommunications & Information Services Revenues

On FCC Form 499-A Lines 418.1, 418.2, 418.3 and 418.4

All non-telecommunications service revenues appearing on the filer's general ledger, as well as some revenues that are derived from telecommunications-related functions, will be reported in categories on line 418 of the FCC Form 499-A. These revenues are not included in the Universal Service Fund contribution base that are totaled on line 420.

USAC has developed guidance for reporting non-telecommunications and information services revenues. This guidance includes:

- a helpful list of products and services in which the revenues will be reported on one of the 418 form lines
- how to report services when they are bundled with a telecommunications or VoIP service and offered at a single price
- information about two safe harbor methods for allocating revenue when telecommunications services and non-telecom services are offered as a bundled package
- more information on filling out lines 418.1-418.3.

AT THE FCC

4th Quarter 2017 Contribution Factor Increases to 18.8 Percent
The FCC released a Public Notice (DA 17-884) announcing that the proposed universal service contribution factor for the fourth quarter (October - December) of 2017 will be 0.188, or 18.8 percent.

Hurricane Relief
On October 6, 2017, the FCC issued an order to assist USF participants who have been affected by Hurricanes Harvey, Irma, and Maria. Find out more here.

QUESTIONS? / FEEDBACK

Contact Us

Click here to read guidance and tips about document retention, revenue category determination, and making good-faith estimates.

We are here to support you! Visit the Contact Us page and let us know how we can help you.

Did You Know?

Revenue Reporting: Switching from Safe Harbor to Actuals

It has come to our attention that some filers don't realize that there is a relationship between how they use the FCC's safe harbor percentages on their FCC Forms 499-Q and the associated FCC Form 499-A. If you use the safe harbor percent to determine your projected assessable revenue for the quarter on your 499-Q, you must also use the safe harbor to determine your actual assessable revenue for that quarter on your FCC Form 499-A.

Filers may change the method they use from quarter to quarter, but they must keep records of how they allocated revenue across the three jurisdictions (intrastate, interstate, and international). Additionally, all entities within a group of affiliated entities must use the same method.

The FCC has developed safe harbor percentages for wireless revenue and for VoIP revenue. The safe harbor percentages are:

- 64.9% of VoIP revenue (lines 303.2, 404.4, 404.5, 414.2, and 418.4)
- 37.1% of cellular and broadband PCS revenue (lines 309, 409, and 410)
- 12.0% of paging revenue (lines 309, 409, and 410)
- 1.0% of analog SMR dispatch revenue (lines 309, 409, and 410)

To use the safe harbor percentages, filers enter all of their revenue for the year in column A, and then manually multiply the amount in column A by the safe harbor percentage. The result of this multiplication is entered in column D. No entry is needed in column E.

2018 Annual FCC Form 499-A Training

Each year, USAC hosts training for completing the annual FCC Form 499-A. Last year, participants voiced a need for this training to be held earlier in the year. USAC is pleased to announce that the annual trainings will be held in February 2018. The format will be similar, with one hour training sessions covering different topics. Participants sign up only for the topics of their interest.

Please "Save the Date" for webinar trainings February 6 and 9 as well as February 20 and 22.

Watch the "Upcoming Events" section on our Training page for topics and registration.

New Feature: Filers May View Their Issue Emails

Upon submitting FCC Forms 499, USAC analysts review the forms to ensure that revenues are reported accurately. On occasion, they have questions regarding revenues reported on these forms, and will send "issue emails" to the filer detailing their questions and concerns. Filers must then reply to these emails. Filers can now view these emails when they log in to E-File. They will also see that their FCC Form 499 status has been changed to 'Issue-Carrier Response Required'.

E-File users can now view all issue emails sent from E-File, online.

Please watch this short video explaining how you access your issue emails. You can also find a Tip Sheet covering this topic on our website.

2018 Deadlines

Contributor Form Filing Deadlines

The FCC Forms 499-A/Q filing schedule for the calendar year 2018 is located here.
General guidance for filing the FCC Forms 499-A/Q (Telecommunications Reporting Worksheets):

- Forms must be received by USAC on or before the due date to be considered filed on time.
- When a due date falls on a weekend or holiday, the form is due the following business day.
- USAC will charge late filing penalties when a required form is not filed by the due date.
- The FCC Form 499-A (annual form) reports historical revenue. There is a one year deadline from the original due date for downward revisions; upward revisions are accepted anytime.
- The FCC Form 499-Q (quarterly form) projects the future quarter's revenue. There is a 45-day deadline from the original due date for any revisions.

Contributor Payment Schedule

Each month, USAC generates an invoice to bill those service providers who contribute to the universal service fund (contributors) for their contribution obligation based on revenues reported on their FCC Forms 499-A/Q.

Click here to view the schedule that provides the dates in 2018 that USAC will mail invoices to contributors as well as the date that payments are due.

Lifeline Program News

Initial Launch States for the Lifeline National Verifier

On August 31, 2017, USAC announced the initial group of states that will roll into the Lifeline National Verifier, and the eligibility verification data sources that the National Verifier will use for each state. The initial launch states are:

1. **Colorado** (data sources: SNAP, Medicaid, Federal Public Housing)
2. **Mississippi** (data sources: SNAP, Federal Public Housing)
3. **Montana** (data sources: Federal Public Housing)
4. **New Mexico** (data sources: SNAP, Medicaid, Federal Public Housing)
5. **Utah** (data sources: SNAP, Medicaid, Federal Public Housing)
6. **Wyoming** (data sources: Federal Public Housing)

If the Lifeline subscriber's eligibility can't be verified through one of the automated data sources, the subscriber will be prompted to submit documentation via the web portal (or via mail) to the Lifeline Support Center, which will conduct a manual review of their eligibility documentation. Visit our website to learn more about the National Verifier.

Service providers that do business in the initial launch states received an email from USAC earlier this month with an invitation to a check-in call, and sign-up links for training/onboarding sessions. If you are a service provider in the initial launch states and have not heard from USAC, please contact us immediately at LifelineProgram@usac.org so we can include you on future communications.

FCC Form 497 Will Be Retired After the December 2017 Data Month

The process to submit Lifeline reimbursement claims is changing, effective with the January 2018 data month (February 1, 2018 snapshot). This change affects all Lifeline service providers in all states and territories, and is not coupled with the rollout of the National Verifier.

After the December 2017 data month, FCC Form 497 will be retired. Any new claims or revisions for the December 2017 data month and prior should, however, still be completed via the old FCC Form 497 process.

Starting with the January 2018 data month (February 1 snapshot), the new reimbursement claims system will use the NLAD subscriber snapshot as the default basis for determining support payments to service providers. In the new system, service providers will download a list of eligible subscribers, add dollar amounts for claimed subscribers, add reason codes for unclaimed subscribers, and upload the report to certify and submit.

A detailed walkthrough of the new process was presented in the August 9 Lifeline Program Update Webinar. More information about this process is available on our website on the Receive Payment page.

To prepare for the process change, USAC recommends confirming your company's FCC Form 497 filer and certifying company officer have E-File accounts and reviewing your company's process for keeping subscriber counts in NLAD up-to-date.

Rural Health Care Program News

Invoice Deadline Lookup for the Healthcare Connect Fund Program

With the end of the year approaching, it's important for service providers to be aware of pending invoice deadlines for the FCC Form 463. USAC has made it easier to look up invoice deadlines by providing a searchable spreadsheet on our website. Invoicing is a joint process between an applicant and their service provider using the FCC Form 463 (Invoice and Request for Disbursement Form). The HCF Program's invoicing deadline is six months after the funding commitment end date. The deadline is included in the funding commitment letter (FCL) that USAC sends via email after processing the FCC Form 462 (Funding Request Form).

Service providers should keep in mind that all FCC Forms 463 must be in USAC's queue prior to their invoice deadline date, and invoices must be reviewed and approved by the service provider to be considered submitted to USAC.

The new searchable spreadsheet includes all FRNs with future invoice deadlines and all FRNs that are less than six months past their expiration date. Please keep in mind that you should only use this spreadsheet for the purposes of identifying the invoice deadline for your commitment. This spreadsheet does not reflect form submissions, payment status, or funds remaining. It is updated on a bi-weekly basis, and the specific date of the last refresh will be reflected at the top of the spreadsheet.

For more information about invoicing, visit the Invoice USAC web page. If you have questions about remaining funding, you can log in to My Portal or contact the RHC Help Desk by email at rhc-assist@usac.org or call (800) 453-1546.

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USAC HOMEPAGE

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