From: 498/499 Spotlight <NoReply@usac.org>
Sent: Monday, October 1, 2018 2:45 PM
Subject: 498/499 Spotlight Newsletter--4th Quarter

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Universal Service Administrative Co.

498/499 Spotlight

Fourth Quarter 2018

— IN THIS ISSUE —

Did You Know?

Revenue Reporting: Switching from Safe Harbor to Actuals

Please be aware of the relationship between the FCC's safe harbor percentages on the 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 FCC Form 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) for each quarter. Additionally, all entities within a group of affiliated entities must use the same method within the same safe harbor category.

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)

AT THE FCC

4th Quarter 2018 Contribution Factor Increases to 20.1 Percent

The FCC released a Public Notice (DA 18-944) announcing that the proposed universal service contribution factor for the fourth quarter (October - December) of 2018 will be .201, or 20.1 percent.

QUESTIONS? / FEEDBACK

Contact Us

We are here to support you! Visit the Contact Us page to see how.

- 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.

These safe harbor percentages may not be applied to universal service pass-through charges, fixed local service revenues, or toll-service charges. All filers must report the actual amount of interstate and international revenues for these services. For example, toll charges for itemized calls appearing on mobile telephone customer bills should be reported as intrastate, interstate, or international, based on the origination and termination points of the calls.

Upcoming Deadlines for Forms and Invoices

FCC Form 499-A and Form 499-Q

The FCC Forms 499-A/Q filing schedule for the calendar year 2019 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.

4th Quarter 2018 and 2019 Invoice and 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 2019 that USAC will mail invoices to contributors as well as the date that payments are due.

Qualifying as De Minimis

De minimis thresholds for the current and previous calendar years are provided below.

Non-*de minimis* filers should notify the underlying providers that they will be a direct universal service fund contributor for the calendar year.

Filers that are LIRE eligible should not include their international revenues in the calculations to determine *de minimis* status.

Calendar Year 2018
For calendar year 2018, filers that report less than $62,676.81 of combined interstate and international revenues on Line 423, columns (d) and (e) of the 2019 FCC Form 499-A will be considered *de minimis* for 2018. This is not an estimate, as the contribution factors for calendar year 2018 are all final.

Calendar Year 2017
For calendar year 2017, filers that report less than $67,186.42 of combined interstate and international revenues on Line 423, columns (d) and (e) of the 2018 FCC Form 499-A will be considered *de minimis* for 2017. This is not an estimate as the contribution factors for calendar year 2017 are all final.

E-File User Access

Sharing User IDs to access E-File is a violation of our terms and conditions. Please do not share User IDs. You can have up to 5 Company Officers and an infinite number of Preparers associated with your Filer ID, allowing for everyone to have their own User ID.
E-File Company Officers have the authority to add or remove users themselves. Watch these brief videos with instructions on how to set up a new CO and add a Preparer.

If USAC analysts have determined that a person other than the person who owns the User ID is using it to log in, we will LOCK the USER ID and notify the owner of the User ID that the account has been suspended. USAC will unlock the account only when the owner of the User ID responds to the email that was sent to them.

Contact USAC Customer Support

Sometimes service providers need to talk to a USAC specialist concerning items related to their program forms, funding, or invoices. Listed below are the different programs within USAC with their direct customer support phone numbers.

499 Filers/Contributors, General Inquiries, Form 498/Disbursements:
- Phone (888) 641-8722 (Select Option 4)
- Hours: Monday-Friday 9 a.m. to 5 p.m. ET

High Cost Program:
- Phone: (844) 357-0408
- Hours: Monday-Friday 8 a.m. to 8 p.m. ET

Lifeline Service Providers:
- Phone: (877) 524-1325
- Hours: Monday-Sunday 9 a.m. to 9 p.m. ET

Lifeline Consumers:
For assistance, Lifeline consumers should contact their telephone company directly first. If they are unable to help, consumers can contact the Lifeline Support Center directly.
- Phone: (800) 234-9473 (press 1 for English or 2 for Spanish)
- Hours: Monday-Sunday 9 a.m. to 9 p.m. ET

Rural Health Care Program:
- Phone: (800) 453-1546
- Hours: Monday-Friday 8 a.m. to 8 p.m. ET

Schools and Libraries (E-rate) Program:
- Phone: (888) 203-8100
- Hours: Monday-Friday 8 a.m. to 8 p.m. ET

Bottom Line: Reporting a Common Identifier and Affiliates

Filers are reminded that while reporting annual revenues on the FCC Form 499-A, each filing entity must provide a common identifier for each affiliated filer, if applicable.

An affiliate, as outlined in the 2018 FCC Form 499 Instructions (Instructions), 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,” unless otherwise specifically provided. For this purpose, the term ‘owns’ means “to own an equity interest (or the equivalent thereof) of more than 10 percent.”

The common identifier for all affiliated filers is referred to the “Affiliated Filers Name/Holding Company” and is entered on Line 106.1 of the FCC Form 499-A. This is typically the name of the filer’s holding company or controlling entity, if any. Amongst a large group of affiliates, this may be the name of the predominant commonly-owned or controlled entity. All reporting affiliates or commonly-owned entities should have the same Affiliated Filers Name (Line 106.1) and IRS employer identification number or more commonly referred to as the “EIN” (Line 106.2).

If the filer has no affiliates, check the appropriate box on Line 106.1.

On every FCC Form 499-A for a group of affiliated companies, the name on Line 106.1-Affiliated Filers Name/Holding Company Name must show the same name. The same applies for the 9-digit IRS EIN entered on Line 106.2. It too must match on every FCC Form 499-A filed for the group of affiliated companies.

A common audit finding found during a review of FCC Forms 499-A is that the filer incorrectly checked the box on Line 106.1, indicating that it did not have affiliates, when in fact, it does have affiliates or a common holding company, as defined by the Instructions. FCC regulations require all affiliates of a company to be identified by their holding company or controlling entity.

A filer may assume that they don’t have a common identifier because the affiliated companies are not commonly owned and have separate board of directors. However, if the entities share common management (e.g., Chief Executive Officer), that also serves as a controlling element of the entities. Consistent with the Instructions, an affiliate is defined as being commonly-controlled. In this case, designate one of the filers as the “common identifier” and enter that name and EIN on each of the affiliate’s FCC Forms 499-A.

Sometimes, filers fail to consider the full extent of their corporate ownership/control structure. Specifically, filers do not evaluate as far up their respective structures as their ultimate parent company and that parent company's subsidiaries. For example, a filer may be directly owned or controlled by an entity that does not file an FCC Form 499-A, and therefore determines it has no “affiliates” for form reporting purposes. However, the non-filing parent company may be owned by an entity who files an FCC Form 499-A, or has subsidiaries that are FCC Form 499-A filers. These entities could be considered affiliates for FCC Form 499-A reporting purposes and would need to be considered when determining a “common identifier” for Line 106.

Conversely, other audit findings reveal that some of the companies which are affiliates fail to include the common identifier name and number in Line 106.1 and 106. 2. Some companies may have as few as two affiliates while others may have over 50 different affiliates. No matter how many affiliates there are, they all must report the same common identifier on Line 106.1 and 106.2.

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