2022 FCC Form 499-A Webinar Series
Overview for VoIP Providers
February 18, 2022
DISCLAIMER

To accommodate all attendees, real-time closed captions will be present during this presentation. This is a new feature we are testing out to improve webinar accessibility for all. We understand it is a significant change and appreciate your patience. We apologize in advance for any transcription errors or distractions. Thank you for your support.
Housekeeping

- The audience will remain on mute
- Enter questions at any time using the “Questions” box
- If your audio or slides freeze, restart the webinar
- A copy of the slide deck is available in the “handouts” section of the webinar control panel
- This webinar will be recorded and available on the Services Providers: Webinar webpage
Meet Our Presenter

Amy Kavelman
Senior Telecom Industry Analyst | Contributor Operations

Ms Kavelman is a member of the 499 review team, responsible for reviewing all of the FCC Form 499-As submitted to USAC. She is also responsible for developing and delivering training for service providers. Amy has worked at USAC for eleven years.
Webinar Overview

• This webinar is intended for providers of VoIP services.
• We will cover the most common line numbers used by VoIP service providers when completing their FCC Form 499-A revenue reporting.
Agenda

- Revenue Distinction
  - Reseller vs. End User
  - Interstate & International
- Service Specific Lines
- Common Revenue Lines
- Wrap-Up
Revenue Reporting

Basics for Reporting Revenue on the FCC Form 499-A
Record Keeping

• Filers must maintain records and documentation to justify information reporting on the FCC Form 499-A Worksheet, including the methodology used to determine projections and to allocate interstate revenues, for five years.
  • The FCC is added language to the 2020 form instructions to indicate that failure to “submit supporting documentation” when requested is subject to enforcement action and administrative penalties.

• USAC may ask you to provide the reports used by the filer that were used to determine the revenue numbers reported on the annual Form 499-A.
  • Example: $4,000 is reported as being collected as FUSF on Line 403. What report did you get that number from? You may be asked to provide it.

• Entities acquiring carrier operations through consolidation, merger, etc., must maintain the records of the acquired entity.
FCC Form 499-A Revenue Reporting

Total Gross Billed Revenue

- Wholesale Revenue (Block 3)
- End-User Revenue (Block 4)
- Non-Telecom Revenue (Line 418)
- Telecom Revenue (Lines 403-417)

- Telecom Revenue (Lines 303-314)
- Intrastate Revenue *Not Explicitly Reported*
- Interstate Revenue Column (d)
- International Revenue Column (e)

- Intrastate Revenue *Not Explicitly Reported*

USF Assessable
Block 3 vs. Block 4

• Wholesale companies report reseller revenue on Block 3
  • A reseller is defined in the instructions as revenue from a customer that:
    • Incorporates purchased telecommunications services into its own telecommunications offerings, and
    • Can reasonably be expected to DIRECTLY contribute to federal universal service support mechanisms based on revenues from those offerings.

• Revenue that does not qualify for Block 3 is reportable in Block 4 as end-user revenue.
  • End Users are the final consumer of the service.
  • Resellers with de minimis amounts of interstate and international end user revenues
    • These companies are not direct contributors
Reseller Certification

Any filer reporting revenue in Block 3 of the FCC Form 499-A must demonstrate that the reseller meets both parts of the definition.

- Wholesalers must maintain reseller certificates from each of their resellers.
- Resellers attest to this definition by signing a Reseller Certificate.
- Certificates must be submitted annually.
- **Beginning this year, they must be signed by an employee of the company.**
Certificates developed by the filer are acceptable as long as they meet the requirements outlined in the FCC Form 499-A instructions, page 37.
Questions?
Revenue Reporting

Interstate & International
Reporting Revenues by Jurisdiction

All revenue is entered using the same methodology. Enter the total revenue in the far left hand box, and then break out the interstate and the international. The percentages will be calculated after entering the revenue.

**Total Revenue** [Column (a)] = Intrastate Revenue + Column (d) + Column (e)

Enter **interstate** revenue in Column (d)
Enter **international** revenue in Column (e)

- Jurisdiction is based upon traffic; the originating and terminating points of the final product.
- Revenues from services offered under interstate tariffs should be identified as interstate revenues. (i.e. SLC & LNP)
**Interstate & International Examples**

**Interstate Jurisdictions**

- A call from Virginia to Illinois is considered an interstate call.

- Data circuits connecting an office in Nevada with another office in California is considered an interstate circuit.

<table>
<thead>
<tr>
<th>Filer Picks Up Call in US?</th>
<th>Destination</th>
<th>FCC Form 499-A Line</th>
<th>Example of Call</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>International End User Receiver of Call</td>
<td>414.1 (e)</td>
<td>Kansas to Mexico City Receiver</td>
</tr>
<tr>
<td>Yes</td>
<td>International End User Receiver of Call</td>
<td>414.1 (e)</td>
<td>London to Mexico, Filer received the call in US &amp; terminated it in Mexico City</td>
</tr>
<tr>
<td>Yes</td>
<td>US End User Receiver of Call (Inbound International Call)</td>
<td>418</td>
<td>London to Kansas</td>
</tr>
<tr>
<td>No, gets traffic offshore</td>
<td>Foreign Carrier in Mexico City who carries call the rest of the way</td>
<td>412</td>
<td>London to Mexico City Telecom</td>
</tr>
<tr>
<td>No, gets traffic offshore</td>
<td>International End User Receiver of Call</td>
<td>418</td>
<td>London Resident to Mexico Countryside recipient of call</td>
</tr>
</tbody>
</table>
Methods to Determine Jurisdiction

- Actual call detail records
  - This is truly the most accurate. If you can get these records and analyze, you should do so.
- Traffic studies
  - By nature, less accurate. We’ll discuss the requirements on the next slide.
- VoIP Safe Harbor 64.9%
  - 2006 Contribution Methodology Reform Order, 21 FCC Rcd at 7545, para. 53.
  - may assume that the FCC (USAC) will not find it necessary to review or question the data underlying their reported percentages.
Traffic Studies

• Filers may use traffic studies to determine the amount to attribute to intrastate, interstate, and international revenue

• Traffic studies must meet the following requirements (page 41 on instructions):
  • Traffic studies must be designed to produce a margin of error of no more than one percent with a confidence level of 95%
  • If a non-random sample is used (one example of this is a stratified sample) the traffic study should be described and an explanation provided as to why the non-random technique doesn’t result in a biased sample
  • Traffic studies should include at least an explanation of the sampling and estimation methods used and an explanation of why it results in an unbiased result

Email your 2021 traffic studies that support your revenues reported on the 2022 FCC Form 499-A to the address Form499@usac.org at the same time you submit your Form 499-A.

Subject Line: 2021 Traffic Study for Filer ID 8xxxxx
Use of Safe Harbors

VoIP providers that cannot determine the actual interstate revenue to report either through call detail records or a traffic study, can use the FCC approved Safe Harbor percentage of 64.9%.

- Safe harbor percentages **cannot be** applied to universal service pass-through charges, fixed local, or itemized toll charges. **All filers must report the actual amount of interstate and international revenues for these services.**

- All affiliated wireless telecommunications providers, interconnected and non-interconnected VoIP providers must make a single election for each type of safe harbor.

- Filers should use the same methodology (traffic study or safe harbor) to report interstate and international jurisdictions on the FCC Form 499-A as used on the FCC Form 499-Qs to forecast revenue in each quarter of the applicable calendar year.
Data Entry of Safe Harbor

• To enter revenues using the safe harbor percentage, enter in the total revenue in the ‘Total Revenues’ box.

• The system does not allow you to enter a % in the ‘Interstate %’ box.

• On your calculator, take the amount of total revenue you entered and multiply by .649 (VoIP Safe Harbor %) and enter the resulting answer in the ‘Interstate Revenues’ box.

• You’ll then see the ‘Interstate %’ box auto populate with the 64.9%.
Questions?
VoIP Revenues
Reporting VoIP Revenue

Most Used Service Specific Line Numbers

- Line 305.2 – VoIP offered as resale
- Line 404.4 – VoIP offered with broadband
- Line 404.5 – VoIP offered without broadband
- Line 414.2 – VoIP long distance
- Line 418.2 – Non Telecom associated with VoIP service
- Line 418.4 – Non Interconnected VoIP
VoIP-type Services – Other Names

- Interconnected VoIP
- Cloud PBX
- Seats
- SIP Trunk
- DID

All of these are reported on the lines associated with VoIP revenues.

While you may call the product something other than VoIP, the concept is the same.
Interconnected VoIP Services

**Lines 404.4 and 404.5**: Report all interconnected VoIP packages on one of these line numbers.

Interconnected Voice over IP protocol (VoIP) service is a service that:

- Enables real-time, two-way voice communications;
- Requires a broadband connection from the user's location;
- Requires Internet protocol-compatible customer premises equipment (CPE); and
- Permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network.
Interconnected VoIP Long Distance

Lines 414.2: Report all interconnected VoIP long distance that is not included in the base rate.

Separately billed revenue for ordinary long distance provided to end users using interconnected VoIP.
Non-Telecom VoIP Services

Lines 418.2: Report all non-telecom revenue associated with the interconnected VoIP packages.

Examples of non-telecommunication services bundled with Interconnected Voice over IP protocol (VoIP) service include the following:

- Telephones
- Equipment
- Fax service
- Vertical Features like call forwarding, directory listing, and voice mail.
Non-Interconnected VoIP Service

**Line 418.4:** Report all non-interconnected VoIP revenue on this line.

A non-interconnected VoIP service is a service that:

- Enables real-time voice communications that originate from or terminate to the user's location using Internet protocol or any successor protocol; and
- Requires Internet protocol compatible customer premises equipment; and
- Does not include any service that is an interconnected VoIP service.

Non-interconnected VoIP customers cannot make or receive calls from the PSTN.
Non-Telecommunications Revenue

**Line 418.3:** Report all other non-telecommunications revenue

- Revenues that are not derived from telecommunications (i.e., rent or sale of equipment).
- Revenues that are derived from other business activities like consulting or software sales
- Internet sales
Universal Service Surcharge Revenues

**Line 403:** Report all USF collected from end users on this
- Federal USF is categorized as interstate
- State USF is just included in the total revenue reported in column (a)

**Universal Service Surcharge Revenues**

<table>
<thead>
<tr>
<th>Did you receive any USF surcharge revenues from customers to recover state or federal USF contributions?</th>
</tr>
</thead>
</table>
| YES - [click here]  
NO - Continue to next question |

Please report revenues from state and federal USF surcharges. Please note that revenues from federal USF surcharges should be reported as 100% interstate.

**Show Helpful Hint**

<table>
<thead>
<tr>
<th>$</th>
<th>0.00</th>
<th>0.00 %</th>
<th>0.00 %</th>
<th>$</th>
<th>0.00</th>
<th>$</th>
<th>0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>Interstate %</td>
<td>International %</td>
<td>Interstate Revenues</td>
<td>International Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Universal Service Fee Charges

• Your underlying carrier may be charging you a Universal Service Fee.
  • Do not report that charge on this form.

• If you charge your customers a universal service fee, either state or federal, you
  report that as ‘revenue’ on Line 403
  • On the customer’s invoice, it has a separate line item titled ‘Federal Universal
    Service Fee.

• If you have the USF “built into” the price of the product, do not report it on Line
  403. Instead, report that revenue on the product specific line number.
Data Entry in E-File
Completing the FCC Form 499-A

Begin by clicking the blue ‘Sign In’ button at the top of our website, www.usac.org.

Find the line for the ‘Form 499-A-2022 Filing’ and click on ‘Start Form’ under the ‘Action’ column.

From the main data entry screen, select the button named ‘Enter/Update Revenue Information’.
VoIP Revenue Reporting Sections

Select ‘Edit’ for each section that corresponds with the revenue line number where the revenue amounts will be entered

**Form 499-A Line #**

<table>
<thead>
<tr>
<th>Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line 305.2</td>
</tr>
<tr>
<td>Lines 404 &amp; 414.2</td>
</tr>
<tr>
<td>Line 418.2</td>
</tr>
<tr>
<td>Line 418.4</td>
</tr>
</tbody>
</table>

- **Carrier’s Carrier**
  This section is for reporting revenues received from (1) carriers that contributed to the federal universal service fund (USF); OR (2) USAC or state sources for universal service support.

- **End-User**
  This section is for reporting revenues received from end-users, or carriers that did not contribute to the federal USF, for providing telecommunications or interconnected VoIP services.

- **Non-Telecommunications**
  This section is for reporting revenues received for providing non-telecommunications services.

- **Non-Interconnected VoIP**
  This section is for reporting revenues received for providing non-interconnected VoIP services.

- **Excluded Reseller Revenue**
  This section is for reporting revenues from carriers that did not contribute to USF that you would like to exclude from other contribution bases (e.g., NANPA, TRS, LNP).

- **Uncollectible Revenue or Bad Debt**
  This section is for reporting any uncollectible revenue or bad debt.

- **Regional Percentages**
  This section is required for carriers and providers of interconnected VoIP with revenue to indicate regional billing data.

- **Certifying Officer Information**
  This section you will need to fill out the filer’s Certifying officer information.
Expanding the Revenue Section

When you select each section, you’ll need to click ‘Yes’ to go into the section. The system was designed to ‘talk’ the user through data entry. Many find it easier to look for the specific line numbers.
End User Revenue Categories

- The resulting screen will show all of the end user revenue categories. The intent is that you read the questions, and answer if your company has that type of revenue.

- If you prefer to reference the actual line numbers from the FCC Form 499-A (i.e. Line 403, 404.4, 404.5), click the ‘Expand All’ at the bottom of the screen.
Expanded Revenue Data Entry

...and here you will see every category of end user revenue explained along with the corresponding FCC Form 499-A line numbers.

This display list is LOOONG.

You’ll need to use your scroll button on your browser to see every line number.
Interconnected VoIP Services

An interconnected Voice over Internet Protocol (VoIP) service is a service that:

- Enables real-time, two-way voice communications;
- Requires a broadband connection from the user's location;
- Requires Internet protocol-compatible customer premises equipment (CPE); and
- Permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network.
Interconnected VoIP Revenue Reporting

Lines 404.4 and 404.5: Most VoIP that we have seen is sold as a package, or a bundle, that includes a base product and added features. The total amount of the package is reported on these lines, with a couple different methods on how to report interstate and international.
Interconnected VoIP – Long Distance Reporting

Line 414.2: Separately billed revenue for ordinary long distance provided to end users using interconnected VoIP. Long distance revenue not included in any package offering.
Interconnected VoIP Bundle Allocation

• Allocation of revenues between interconnected VoIP telecommunications and bundled non-telecommunications, such as information services and consumer premises equipment (CPE), are governed by the Commission’s bundling rules.

• The Commission adopted two methods for allocating revenue when telecommunications services and CPE/enhanced services are offered as a bundled package.

• The first option is to report revenues from bundled telecommunications and CPE/enhanced service offerings separately, based on the unbundled service offering prices, with no discount from the bundled offering being allocated to telecommunications services.

• Alternatively, filers may elect to treat all bundled revenues as telecommunications service revenues for purposes of determining their universal service obligations.

• Filers may choose to use allocation methods other than the two described above. Filers should realize, however, that any other allocation method may not be considered reasonable and will be evaluated on a case-by-case basis.
Non-Telecommunications VoIP Revenue

Line 418.2: Examples include VoIP telephone sets and design fees
Non-Interconnected VoIP Service

Line 418.4: Report all non-interconnected VoIP revenue on this line.

A non-interconnected VoIP service is a service that:

- Enables real-time voice communications that originate from or terminate to the user's location using Internet protocol or any successor protocol; and
- Requires Internet protocol compatible customer premises equipment; and
- Does not include any service that is an interconnected VoIP service.

Non-interconnected VoIP customers cannot make or receive calls from the PSTN.
Common Revenues

Lines 308, 403 & 418
Revenue Reporting Sections

Form 499-A Line #

- Line 308
- Lines 403, 404, 414
- Lines 418.1-418.3
# Line 308 - Universal Service Support

**Universal Service Support Funding**

Did you receive any *universal service funding* from either state sources or from USAC for high cost or low income support?  

- **Yes** - [Click here]
- **No** - Continue to next question

Please report revenues from state sources in column (a) only as intrastate revenues, and revenues from USAC in columns (a) and (d) as interstate revenues.

<table>
<thead>
<tr>
<th>Line 308</th>
<th>Universal service support revenues received from federal or state sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>308</td>
<td>$ 0.00 0.00 % 0.00 % $ 0.00 $ 0.00</td>
</tr>
</tbody>
</table>

| Total Revenues | Interstate % | International % | Interstate Revenues | International Revenues |

- **Line 308:** Universal service support revenues from Lifeline or High Cost; this should include disbursements from either state or federal government.

- The amount includes revenues received as cash or as a credit against contribution obligations.
If you charge your customers a universal service fee, either state or federal, it should be reported on line 403.

- Federal USF is categorized as interstate
- State USF is just included in the total revenue reported in column (a)
Non-Telecommunications Revenue

NON-TELECOMMUNICATIONS REVENUE

In this section, report revenues other than U.S. telecommunications revenues, including information services, insider wiring maintenance, billing and collection customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, foreign carrier operations, and non-telecommunications revenues. For more information, please see the FCC Form 499-A Instructions.

418.1 Bundled with circuit switched local exchange service

| Total Revenues | $ | 0.00 |

418.2 Bundled with interconnected VoIP local exchange service

| Total Revenues | $ | 0.00 |

418.3 Other

| Total Revenues | $ | 0.00 |

- Revenues that are not derived from telecommunications (i.e., rent or sale of equipment).
- Revenues that are derived from telecommunications related functions, but should not be included in the universal service or other fund contribution bases.
Uncollectable Revenues
Bad Debt Reporting
Revenue Reporting Sections

Form 499-A Line #

Available for Public Use
Uncollectable Revenue or Bad Debt

• The filer has the option to enter uncollectible revenue or bad debt on the FCC Form 499-A.
  • On line 421, enter the uncollectible revenue associated with the **total gross billed revenue** that is shown on line 419.
  • On line 422, you’ll enter the uncollectible revenue associated only with the **end user telecommunications revenue base** shown on line 420.
• Both lines 419 and 420 are total fields, which will be calculated for you by the system. You’ll notice their field boxes are grayed out.
Third Party Administrators
Contribution Base

The revenue entered on the FCC Form 499-A is used not only by USAC for determining the USF contribution base. The third party administrators also receive a copy of this form for their use in calculating contributions to the following:

- Telecommunications Relay Services (TRS)
- North American Numbering Plan (NANPA)
- Local Number Portability (LNP)

Table 4, included in the instructions on page 47, outlines funding basis for each administrator.
Regional Percentages
For the LNP Administrator
Regional Percentages

- Carriers, including VoIP providers and resellers, are required to report the percentage of revenue sold in each region of the US as outlined on the form.

- This percentage is used by the Local Number Portability (LNP) administrator to determine your contribution to the LNP fund.
# LNP Regional Percentages

## REGIONAL REVENUE PERCENTAGES FOR LOCAL NUMBER PORTABILITY (LNP)

<table>
<thead>
<tr>
<th>Region</th>
<th>Carrier's Carrier Revenue Regions</th>
<th>End User Revenue Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>503 Southeast</td>
<td></td>
<td></td>
</tr>
<tr>
<td>504 Western</td>
<td></td>
<td></td>
</tr>
<tr>
<td>505 West Coast</td>
<td></td>
<td></td>
</tr>
<tr>
<td>506 Mid-Atlantic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>507 Mid-West</td>
<td></td>
<td></td>
</tr>
<tr>
<td>508 Northeast</td>
<td></td>
<td></td>
</tr>
<tr>
<td>509 Southwest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>510 Total</td>
<td>6%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Enter the % sold in each region.

The total must equal 100%.
Questions?
Contact Us

• FCC Form 499-A hotline opens March 1
  • Phone: (866) 411-8722
  • Hours: Monday-Friday 9 a.m. to 5 p.m. ET
• Submit an email to Form499@usac.org
• Visit our online learning library
• USAC’s Customer Support Available Year-Round
  • (888) 641-8722