

# Contributor Office Hours

Annual True-Up and Credit Balance Refunds

June 2, 2022



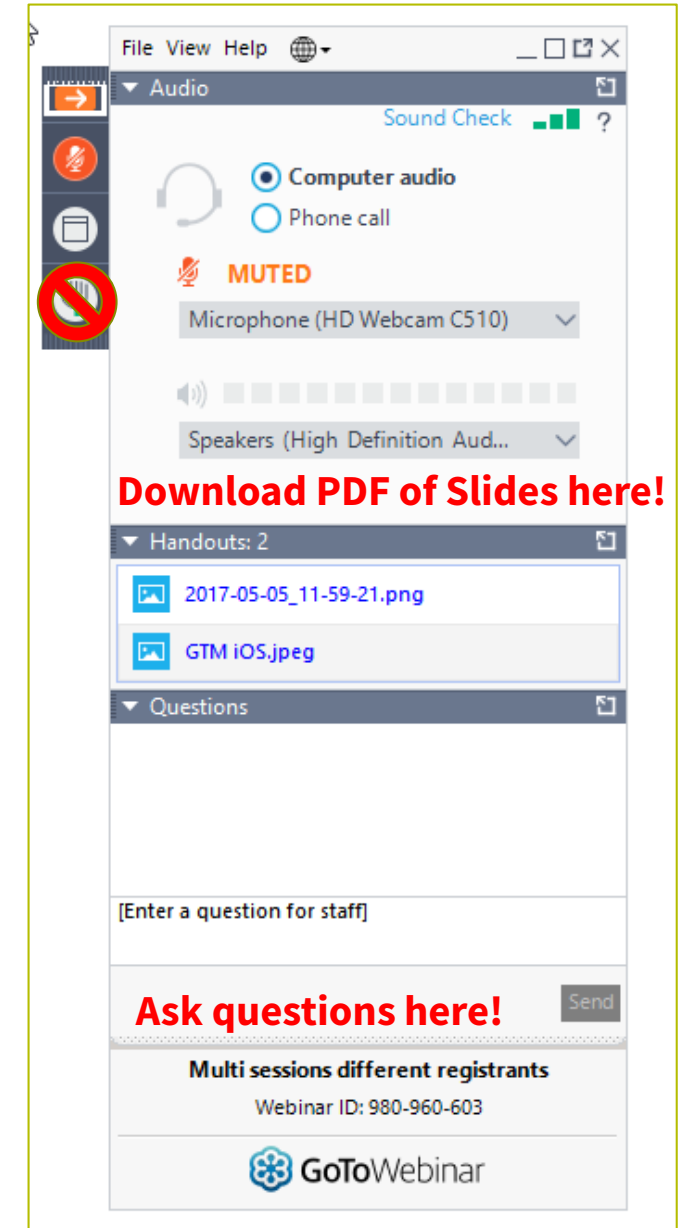
Universal Service  
Administrative Co.

# 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

- Audio is available through your computer's speakers.
- 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 in the **“Handouts”** section of webinar panel.



# Meet Our Presenter

## Amy Kavelman

Senior Telecom Industry Analyst | Contributor Operations

Ms Kavelman is a member of the 499 team that analyzes revenue reported on the FCC Form 499-A. She has worked at USAC for 11 years.

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# Agenda

- Introduction
- Annual True-Up Process
- Credit Balance Refunds
- Questions
- Assistance Resources

# Webinar Format

- Office Hours will be held monthly.
- Brief presentation of a common topic at the beginning
- Open the floor to questions from attendees
  - Attendees type their question in the 'Questions' box in the GoToWebinar panel
  - USAC staff will repeat the question so everyone can hear
  - USAC staff will answer the question, keeping identify of the asker private
  - If question contains specific company information, USAC staff will follow-up with an email, keeping the question private.

# **Annual True-Up Process**

Reconciling the 499-A form to the 499-Q forms

# What is a True-Up?

A True-Up is the process of reconciling the revenue reported on a 499-A form to the projected revenue on the respective 499-Q forms.

- Revenue on lines 423d and 423e on the 499A is captured.

423	Net universal service contribution base revenues [Line 420 minus line 422]	\$7,472,113.00			\$2,040,510.00	\$0.00
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- Revenue on lines 120b and 120c on the 499Q is captured.

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	\$486,000.00	\$0.00
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## De Minimis Test

The FCC has stated that service providers who contribute less than \$10,000.00/year are excluded from contributing to the universal service fund.

The De Minimis (DM) test is a formula that determines if the service provider is over or under this \$10,000 threshold.

The DM test formula for the 499-A true-up is the following:

$$(499\text{-A base} * \text{FCC Estimated Annual Factor})$$

If the results of the DM test < \$10,000, the service provider is considered De Minimis.

The support mechanism charges for the reconciled year are credited to their USF account.

**If over \$10,000, the true-up calculation proceeds forward.**

# True-Up Calculation

If the 499-A is considered non-De Minimis, the true-up continues.

The calculation is simply  $499\text{-A Base} - 499\text{-Q Base} = \text{True-Up Base}$ .

- If the True-Up Base is greater than zero, then the filer will be billed debits/adjustments.
  - Example:  $\$150,000 - \$60,000 = \$90,000$
- If the True-Up Base is less than zero, USAC will apply credits.
  - Example:  $\$200,000 - \$500,000 = (\$300,000)$

# Where to find the True-Up Statement?

Service Providers are now able to see the past two years of true-up statements in E-File.

While logged into E-File,

select '**Payments**',

find the option '**Select Payment View**'

and then

select '**True-Up Statements**' in the drop-down list.

The screenshot shows the E-File interface with three tabs: '499 Forms', 'Payments', and 'Issue Emails'. The 'Payments' tab is selected. Below the tabs is a 'Summary' section with a large '\$0.00' and 'Total Payment Due' with a help icon. A blue button 'Make a Payment' is below this. To the right, under 'Details', are 'Total Current Charges' and 'Total Past Due', both showing '\$0.00' with help icons. Below the summary is a 'Select Payment View' section with a description: 'See the payment history, invoices, balance details, or true-up statements for this account.' Below this is a dropdown menu currently showing 'True-Up Statements' with a downward arrow. Below the dropdown is the text 'True-Up Statements'.

499 Forms Payments Issue Emails

### Summary

\$0.00  
Total Payment Due ⓘ

Make a Payment

Details

\$0.00  
Total Current Charges

\$0.00  
Total Past Due ⓘ

### Select Payment View

See the payment history, invoices, balance details, or true-up statements for this account.

True-Up Statements ▼

True-Up Statements



# True-Up Statement Selection

Selecting the PDF provides the calculations for the particular Filer ID.

Contact [Billing@usac.org](mailto:Billing@usac.org) with true-up or any USF billing questions.

## True-Up Statements

Displaying 2 of 2 records

499-A Filing	True-Up Calculation	View
2020 499-A	\$2,194.33	
2019 499-A	(\$96,987.86)	

The next slide is an example of a true-up statement.

# True-Up Statement Example

499-A: Lines 423D and E

499-Q: Lines 120 B and C

499-A minus 499-Q

Actual true-up calculation

Calculation						
1. Total 499-A Base	\$32,449,650.00 Interstate	+	\$0.00 International	=	\$32,449,650.00 Total 2020 499-A Base	
2. Total 499-Q Base	\$8,639,742.52 Interstate	+	\$0.00 International	=	\$8,639,742.52 Total Q1 Nov 2018 Base	
	\$8,166,994.39 Interstate	+	\$0.00 International	=	\$8,166,994.39 Total Q2 Feb 2019 Base	
	\$8,131,839.10 Interstate	+	\$0.00 International	=	\$8,131,839.10 Total Q3 May 2019 Base	
	\$7,500,000.00 Interstate	+	\$0.00 International	=	\$7,500,000.00 Total Q4 Aug 2019 Base	
					<hr/>	
					\$32,438,576.01 Total 499-Q Base	
3. True-Up Base	\$32,449,650.00 Total 2020 499-A Base	–	\$32,438,576.01 Total 499-Q Base	=	\$11,073.99 True-Up Base	
4. Total True-Up Adjustment	( \$11,073.99 True-Up Base	x 0.247 Contribution Factor	) – ( \$11,073.99 True-Up Base	x 0.247 Contribution Factor	x 0.197767 Circularity Factor	= \$2,194.33 True-Up Adjustment

# True-Up Facts

- The true-up contribution and circularity factors are averages of the 499-Q contribution and circularity factors from the reconciled year.
- During the initial True-up period, non *de minimis* credits or debits are spread over three months' invoices: July, August, and September.
- True-up debits are billed over the 3 months of the quarter unless the service provider is inactive, then the true-up calculation is billed in one month.
- After the initial True-up period, when a new true-up is processed, true-up credits are applied in full on the next available invoice.
- If a 499-A revision is submitted mid-quarter and results in additional true-up debits, the debits are applied at the start of the next quarter and spread over three months.
  - For example: If the 499-A revision is received in November and results in a debit, the debits are applied to the January, February and March invoices.

# **Credit Balance Refunds**

## Monthly Refund Requests

# What is a Credit Balance Refund?

A Credit Balance Refund (CBR) is the return of monies to a service provider when there is a credit balance on their USF account.

Credit balances can be created by true-up credits, over payments, or inactive reconciliation credits.

CBR requests must be received by the 20<sup>th</sup> of the month.

There are 2 methods for requesting a Credit Balance Refund.

- For companies with a 498 ID, follow the instructions outlined on the [CBR Request with 498 ID Banking Information](#)
- All other companies, submit the [CBR Request Form](#)



# CBR Request Form

## Credit Balance Refund Request

This document provides instructions for submitting a credit balance refund (CBR) request. Complete all information requested on this form and return it to USAC via e-mail. Please note, the form **must** be signed by the company officer listed on the company's most recent FCC Form 499-A. If the Company Officer signing this form is not listed on your company's FCC Form 499-A, this form must be notarized. To verify that the signing Company Officer is listed on your FCC Form 499-A, please log in to E-File (<https://forms.universalservice.org>) or call (888)641-8722.

USAC must receive the completed and signed form by the 20th of the month in order to disburse the CBR in the following month. If the 20th falls on a weekend, please ensure the form is received by the prior business day.

E-mail the completed and signed form to: [CBRrequest@usac.org](mailto:CBRrequest@usac.org)

**Note:** The e-mail **must** come from the signing company officer or the CBR request will be rejected.

## Remember:

- CBR Requests must come from the email address of the company officer listed on the most recent FCC Form 499-A.
- Account must be in good standing and have no outstanding issues.
- Recently deactivated accounts become eligible for CBR on the 2<sup>nd</sup> month of the following quarter.
  - For example: If the deactivation is processed in April 2022, the account will be eligible for CBR request (if any) in August 2022.
- USAC does not process refunds for future credits.

**Questions?**

## For More Assistance



Call Customer Service Center at:

[\(888\) 641-8722 Option 4](tel:(888)641-8722)

Monday – Friday, 9 a.m. – 5 p.m. EST



Form 499 questions: email [Form499@usac.org](mailto:Form499@usac.org)

USF billing questions: email [Billing@usac.org](mailto:Billing@usac.org)



Visit the Service Provider's [Learn](#) page

**Thank You!**







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