

Contributor Office Hours

Annual True-Up and Credit Balance Refunds July 12, 2023

DISCLAIMER

To accommodate all attendees, real-time closed captions will be present during this presentation. 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 12 years.

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 499-A is captured.

423	Net universal service contribution base revenues				
	[Line 420 minus line 422]	\$7,472,113.00		\$2,040,510.00	\$0.00

Revenue on lines 120b and 120c on the each of the 499-Q is captured.

120	Projected collected end-user interstate and international telecommunications		
	revenues including any pass-through charges for universal service contributions, but	\$486,000.00	\$0.00
	excluding international-to-international revenues		

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-A base * 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

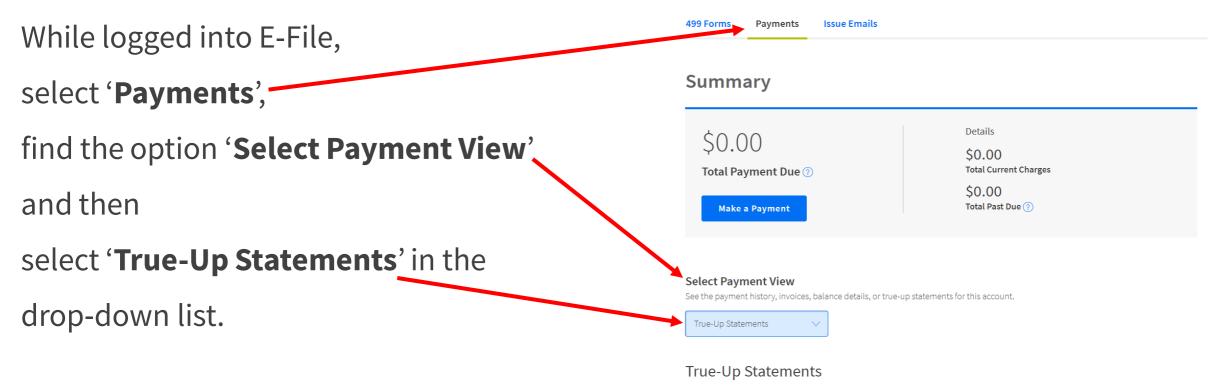
If the 499-A is considered non-De Minimis, the true-up continues.

The calculation is simply 499-A Base – 499-Q Base = 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.



True-Up statements for the 2023 FCC Form 499-A will be available beginning July 18, 2023.

True-Up Statement Selection

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

True-Up Statements

Displaying 2 of 2 record	Q		
499-A Filing	True-Up Calculation	View	
2020 499-A	\$2,194.33	PDF	
2019 499-A	(\$96,987.86)	PDF	

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 Internatio			9,650.00 499-A Base
2. Total 499-Q Base	\$8,639,742.52 Interstate	+	\$0.00 Internation			,742.52 ov 2018 Base
	\$8,166,994.39 Interstate	+	\$0.00 Internation			,994.39 b 2019 Base
	\$8,131,839.10 Interstate	+	\$0.00 Internatio			,839.10 ny 2019 Base
	\$7,500,000.00 Interstate	+	\$0.00 International		\$7,500,000.00 Total Q4 Aug 2019 Base	
						8,576.01 9-Q Base
3. True-Up Base	\$32,449,650.00 Total 2020 499-A Base	-	\$32,438,57 Total 499-Q			73.99 p Base
4. Total True-Up Adjustment		247) – (\$11,073.99	x 0.247 x	,	\$2,194.3
		bution	True-Up Base	Contribution Factor	Circularity Factor	True-Up Adjustme

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 <u>credits</u> are applied in full on the next available invoice.
- If a 499-A revision is submitted mid-quarter and results in additional true-up <u>debits</u>, 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.

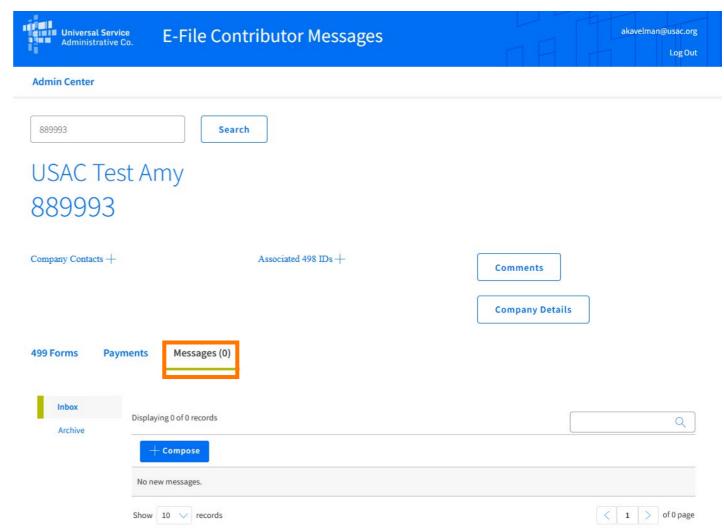
Contacting USAC

Message System within E-File

Customer Specific Contact

The best way to get in touch with your assigned 499 analyst is via E-File Messages.

Located within the E-File portal, a secure message can be sent to ask specific questions about your filer ID, Forms 499, payments, invoice and any other inquiry.



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 20th 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 <u>CBR Request with</u> 498 ID <u>Banking Information</u>
- All other companies, submit the <u>CBR Request Form</u>

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 <u>must</u> 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 into 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

Note: The e-mail <u>must</u> 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 2nd month of the following quarter.
 - For example: If the deactivation is processed in April 2023, the account will be eligible for CBR request (if any) in August 2023.
- USAC does not process refunds for future credits.

Questions?

Contributors/Service Providers Customer Service Center (CSC)



Call us at (888) 641-8722

Monday – Friday 9 a.m. to 5 p.m. ET



Email: CustomerSupport@usac.org

- Include in your email
 - 498 ID/Service Provider ID Number (SPIN)
 - 499 Filer ID

Thank You!



