

Contributor Office Hours

Annual True-Up and Credit Balance Refunds

July 17, 2024



Universal Service
Administrative Co.

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

- 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.
- The recorded webinar will be available on the Service Provider's '**Webinar**' webpage.



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

FCC Form 499-A Purpose

What is it?

A company reports their actual historical revenues on the FCC Form 499-A.

The 2024 FCC Form 499-A reports actual revenues from calendar year 2023.

USAC takes the revenue on the 2024 FCC Form 499-A and compares to the projected revenue from the quarterly FCC Forms 499-Q that were filed in 2023.

Estimated Revenues – Total for Year

499-Q November 2022 Filing (1Q 2023)
499-Q February 2023 Filing (2Q 2023)
499-Q May 2023 Filing (3Q 2023)
499-Q August 2023 Filing (4Q 2023)

Compare to

Actual Revenues

- 2024 FCC Form 499-A
January – December 2023

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 2024 FCC Form 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 FCC Forms 499-Q 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
-----	---	--------------	--------

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:

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

The 2024 Form 499-A de minimis estimation factor is found in Table A, page 53 of the 2024 FCC Form 499-A Instructions

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: $\$200,000 - \$500,000 = (\$300,000)$
- A [worksheet](#) specific to the 2024 FCC Form 499-A and calculations used for the true-up can be found in the GoToWebinar panel in the handouts section.

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 the text 'See the payment history, invoices, balance details, or true-up statements for this account.' and a dropdown menu currently set to 'True-Up Statements'. 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 statements for the 2024 FCC Form 499-A will be available beginning July 17, 2024.

True-Up Statement Selection

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

True-Up Statements

Displaying 2 of 2 records

499-A Filing	True-Up Calculation	View
2024 499-A	\$44,791.84	
2023 499-A	\$21,500.96	

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	\$653,557.36 Interstate	+	\$0.00 International	=	\$653,557.36 Total 2024 499-A Base	
2. Total 499-Q Base	\$117,331.00 Interstate	+	\$0.00 International	=	\$117,331.00 Total Q1 Nov 2022 Base	
	\$118,023.00 Interstate	+	\$0.00 International	=	\$118,023.00 Total Q2 Feb 2023 Base	
	\$121,181.00 Interstate	+	\$0.00 International	=	\$121,181.00 Total Q3 May 2023 Base	
	\$118,899.00 Interstate	+	\$0.00 International	=	\$118,899.00 Total Q4 Aug 2023 Base	
					\$475,434.00 Total 499-Q Base	
3. True-Up Base	\$653,557.36 Total 2024 499-A Base	–	\$475,434.00 Total 499-Q Base	=	\$178,123.36 True-Up Base	
4. Total True-Up Adjustment	(\$178,123.36 True-Up Base	x 0.3355 Contribution Factor) – (\$178,123.36 True-Up Base	x 0.3355 Contribution Factor	x 0.250476 Circularity Factor	= \$44,791.84 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 debts, 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.

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 Distribution Schedule

USAC recently changed the distribution schedule to a quarterly timeline.

CBR Distribution Schedule

Submission Deadline	Month Refund Processed
November 10	January
February 10	April
May 10	July
August 10	October

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 email. 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](#) or call the USAC Customer Service Center at (888) 641-8722.

See the CBR distribution schedule on [the USAC website](#).

Email the completed and signed form to: CBRrequest@usac.org

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

The final amount disbursed by USAC will be the credit balance reflected on the latest USAC invoice less any known future universal service obligations. In addition, your refund may not be issued for reasons including, but not limited to:

- Red Light status,
- Existing DCIA balance, or
- Outstanding FCC Form 499-A/499-Q issues.

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 a CBR after the account is deactivated & fully reconciled. For CBR schedule, please visit: <https://www.usac.org/service-providers/making-payments/credit-balance-refunds/>
- USAC does not process refunds for future credits.

Questions?

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.

Universal Service Administrative Co. E-File Contributor Messages akavelman@usac.org Log Out

Admin Center

889993 Search

USAC Test Amy
889993

Company Contacts + Associated 498 IDs +

Comments

Company Details

499 Forms Payments **Messages (0)**

Inbox
Archive

Displaying 0 of 0 records

+ Compose

No new messages.

Show 10 records

< 1 > of 0 page

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!





Universal Service
Administrative Co.