

February 29, 2012

OMB Control Number: 3060-0855

Federal Communications Commission

Explanation of Non-Substantive Changes to:

- FCC Form 499-A
 - Instructions to FCC Form 499-A
 - Instructions to FCC Form 499-Q
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This submission is being made as a proposed non-substantive revision to an existing information collection (OMB Control Number 3060-0855) pursuant to 44 U.S.C. § 3507. This submission seeks to update:

- (i) FCC Form 499-A;
- (ii) (ii) the accompanying instructions to FCC Form 499-A; and
- (iii) (iii) the accompanying instructions to FCC Form 499-Q.

The purposes of the changes are as follows:

- (1) Change dates (2011 changes to 2012; 2010 changes to 2011;
- (2) Provide the estimation factor used in 2012 for filers to determine de minimis status;
- (3) Include changes indicating revenue reporting requirements for non-Interconnected VoIP providers for purposes of Telecommunications Relay Services (TRS) fund contributions. These changes were pre-approved by OMB by Notice of Action (NOA) dated 05/23/11; ICR Reference Number: 201103-3060-042).
- (4) Miscellaneous, stylistic, non-substantive changes.

Line by line changes are noted below

CHANGES TO FORM 499-A

1. Date Changes:

Dates were updated throughout. References to “2011” were changed to “2012;” and references to “2010” were changed to “2011.” These changes appear as follows:

- Top of page 1
- Page 4, below Line 302
- Page 5, below Line 402
- Header of every page

2. Stylistic Changes: E-mail Address for Interstate Telecommunications Service Provider (ITSP) Regulatory Fee Purposes --

Line 208.1 (page 2) was revised to read as follows (deleted language shown in [[double brackets]]; new language shown by underscore; ellipses (...) indicates no change in omitted language): Email address [[where ITSP regulatory fee bill should be sent]] pertaining to ITSP regulatory fee issues

3. **Changes Related to non-Interconnected VoIP providers as TRS contributors:**

Throughout the Form, we have indicated that, for TRS purposes, revenue reporting requirements apply to non-Interconnected VoIP providers. These changes were pre-approved by OMB by Notice of Action (NOA) dated 05/23/11 (ICR Reference Number: 201103-3060-042). The changes appear as follows:

- Page 6, new Line 418.4: Non-interconnected VoIP revenues not included in any other category
- Page 7, new Line 512: Gross TRS contribution base amounts [Lines 403 through 417 plus Line 418.4 less Line 511]
- Page 7, new Line 513: Uncollectible revenue/bad debt expense associated with TRS contribution base amounts shown on Line 512
- Page 7, new Line 514: Net TRS contribution base revenues [Line 512 less Line 513]

CHANGES TO FORM 499-A INSTRUCTIONS

1. **Date Changes:**

Dates were updated throughout. References to “2011” were changed to “2012;” and references to “2010” were changed to “2011.” These changes appear as follows:

- Page 1 (top of the page)
- Header of every page
- Page 4 (under Universal Service Exemption for *De Minimis* Telecommunications Providers)
- Page 12 (Instructions for Blocks 3 and 4)
- Page 34 (Appendix A)

2. **Estimation Factor Changes:**

The estimation factor in Appendix A (used by filer’s to determine *de minimis* status) is revised every year. The 2012 estimation factor is .144. This change appears as follows (deleted language shown in [[double brackets]]; new language shown by underscore; ellipses (...) indicates no change in omitted language):

- Page 34, Appendix A, Line 10:

2012 de minimis estimation factor: [[.142]] .144** (...)

** The estimation factor is based on a contribution factor of [[.165]] .16Z, which is higher than the contribution factor announced for any quarter of [[2010]] 2011, and a corresponding circularity factor of [[.14163]] .143217. Actual contribution and circularity factors for [[.2011]] 2012 may increase or decrease depending on quarterly changes in program costs and the projected contribution base. (...)

3. Changes Related to non-Interconnected VoIP providers as TRS contributors:

Throughout the Instructions, we have indicated that, for TRS purposes, revenue reporting requirements apply to non-Interconnected VoIP providers. These changes were pre-approved by OMB by Notice of Action (NOA) dated 05/23/11 (ICR Reference Number: 201103-3060-042). The changes appear as follows (deleted language shown in ~~[[double brackets]]~~; new language shown by underline; ellipses (...) indicates no change in omitted language)::

- Page 2:

To accomplish these congressionally directed objectives, the Commission requires telecommunications carriers and certain other providers of telecommunications (including ~~[[interconnected]]~~ Voice-over-Internet (VoIP) service providers) to report each year on the Telecommunications Reporting Worksheet the revenues they receive from offering service.

- Page 3:

Non-Interconnected VoIP Service Providers: All providers of “non-interconnected VoIP service” (as defined in section 64.601(a) of the Commission’s rules) with interstate end-user revenues subject to TRS contributions must file this Worksheet in order to register with the Commission and report their revenues for purposes of calculating TRS contributions.

- Pages 19-20:

Line 418. — *Other revenues that should not be reported in the contribution bases; Non-interconnected VoIP Revenues.* Line 418 should include all non-telecommunications service revenues on the filer’s books, as well as some revenues that are derived from telecommunications-related functions, but that should not be included in the universal service or other fund contribution bases. (...) Line 418 should include revenues from telecommunications provided in a foreign country where the traffic does not transit the United States or where the provider is offering service as a foreign carrier, i.e., a carrier licensed in that country. Line 418.4 should include non-interconnected VoIP revenues, which are included in the TRS contribution base only. Revenue reported on Line 418 should be divided into ~~[[three]]~~ four categories:

- Pages 20-21:

Line 418.3. — All other revenues properly reported on line 418 except those reported in Lines 418.1, 418.2, and 418.4, including wireline broadband Internet access service that is not reportable on Line 406 and all non-common carrier wireline broadband Internet access service and cable modem service (to the extent that cable modem service is being provided by an entity already filing an FCC Form 499-A).

Line 418.4. — Revenues from non-interconnected VoIP services sold to end users that are not otherwise includable on Lines 403 to 417. Non-interconnected VoIP service is defined in Appendix B, under non-interconnected VoIP service provider. Only include revenues from October 1, 2011 through December 31, 2011; report revenues from January 1, 2011 through September 30, 2011 on Line 418.3.[Fn 44]

Text of Fn 44: For TRS purposes, “providers of non-interconnected VoIP services that are offered with other (non-VoIP) services that generate end-user revenues [are required] to allocate a portion of those end-user revenues to the non-interconnected VoIP service in two circumstances: (1) when those providers also offer the non-interconnected VoIP service on a stand-alone basis for a fee; or (2) when those providers also offer the other (non-VoIP) services without the non-interconnected VoIP service feature at a different (discounted) price.” For example, a video gaming service may integrate chat functions that utilize non-interconnected VoIP services, but use of such functions may not be readily identifiable or separable from the gaming service components. See *2011 TRS Contributions Order*, 26 FCC Rcd at 14538-41, paras. 15-17.

Reporting Revenues from Bundled Offerings. — Allocation of revenues between either wireline or interconnected VoIP telecommunications and bundled non-telecommunications, such as information services and consumer premises equipment (CPE), are governed by the Commission’s bundling rules. (...). Similarly, providers of non-interconnected VoIP services that are offered with end-user revenue generating (non-VoIP) services may avail themselves of the bundled service safe harbors for allocating revenue. [Fn 46].

Text of Fn 46: See *2011 TRS Contributions Order*, 26 FCC Rcd 14532. For TRS purposes, “providers of non-interconnected VoIP services that are offered with other (non-VoIP) services that generate end-user revenues [are required] to allocate a portion of those end-user revenues to the non-interconnected VoIP service in two circumstances: (1) when those providers also offer the non-interconnected VoIP service on a stand-alone basis for a fee; or (2) when those providers also offer the other (non-VoIP) services without the non-interconnected VoIP service feature at a different (discounted) price.”. *Id.*, 26 FCC Rcd at 14538-41, paras. 15-17.

- Pages 24:

The FCC provides the following safe harbor percentage of interstate revenues associated with Line 303.2, Line 404.4, Line 404.5 [[and]], Line 414.2, and Line 418.4: 64.9% of interconnected VoIP and non-interconnected VoIP telecommunications revenues.

(...)

Wireless telecommunications providers, interconnected VoIP providers, and non-interconnected VoIP providers that choose to avail themselves of these safe harbor percentages for interstate revenues may assume that the FCC will not find it necessary to review or question the data underlying their reported percentages. All affiliated wireless telecommunications providers and [[interconnected]] VoIP providers (including interconnected and non-interconnected) must make a single election, each quarter, whether to report actual revenues or to use the current safe harbor within the same safe harbor category. (...)

(...)

Wireless telecommunications providers interconnected VoIP providers, and non-interconnected VoIP providers may rely on traffic studies if they are unable to determine their actual interstate and international revenues. (...)

- Page 27:

Line 512. — TRS contribution base revenues reportable on Line 512(a) should equal the subtotal of Lines 403(a) through 417(a) and Line 418.4(a) less Line 511(a). TRS contribution base revenues reportable on Line 512(b) should equal the subtotal of Lines 403(d) through 417(d), Lines 403(e) through 417(e), Line 418.4(d), and Line 418.4(e) less Line 511(b). The totals on this line represent gross end-user revenues for the purpose of determining contributions to TRS.

Line 513. — Show the portion of the uncollectible revenue/bad debt expense reported on Line 421 that is associated with just the TRS contribution base amounts reported on Line 512. Filers that maintain separate detail of uncollectibles by type of business should rely on those records in determining the portion of gross uncollectibles reported on Line 421 that should be reported on Line 513. Filers that do not have such detail should make such assignments in proportion to reported gross revenues. Filers must be able to document how the amounts reported on Line 513 relate to the uncollectible revenue/bad debt expense associated with gross billed revenues reported on Line 421.

In exceptional circumstances, amounts reported on Line 513 may exceed amounts reported on Line 421 or either amount might actually be negative. These situations can arise where amounts previously written off as uncollectible subsequently are collected.

Line 514. — Net TRS contribution base revenues should equal the amounts reported on Line 512 less the amounts reported on Line 513.

- Page 29:

Telecommunications Relay Services. — Every common carrier providing interstate telecommunications services and every [[interconnected]] VoIP provider (including interconnected and non-interconnected) must contribute to the TRS Fund. See 47 C.F.R. §§ 64.601(b), 64.604.

- Page 30, Table 2:

Type of Filer: Non-interconnected VoIP providers with no other telecommunications revenues

Must Contribute To: TRS

- Page 31, Table 3:

Support Mechanism: TRS (...)

Funding Basis: [[Line 420(d) + Line 420(e); plus Line 412(e); Less Line 511(b)]] Line 514(b)

4. Other Changes:

Throughout the Instructions, we updated footnotes to indicate recent Commission orders. These changes appear in the following footnotes:

- Footnote 11: Updated subsequent history of the InterCall Order.
 - Footnote 37: Includes a reference to revisions to the intercarrier compensation system, adopted by the Commission in FCC 11-161.
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- Footnote 40: Updated subsequent history of the NetworkIP Order.
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- Footnotes 13 and 51: References adoption of the 2001 TRS Contributions Order.
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CHANGES TO FORM 499-Q INSTRUCTIONS

1. Date Changes:

Dates were updated throughout as follows: References to “2011” were changed to “2012;” and references to “2010” were changed to “2011.” These changes appear as follows:

- Page 1 (top of the page)

2. Estimation Factor Changes:

The estimation factor in Figure 1 (used by filer’s to determine de minimis status) is revised every year. The 2012 estimation factor is .144. This change appears as follows (deleted language shown in [[double brackets]]; new language shown by underscore; ellipses (...) indicates no change in omitted language):

- Page 5, Figure 1, Line 16:

[[2011 de minimis estimation facto: .142**]]
2012 Estimation factor for determining whether to file a 499-Q: 0.144**

** The estimation factor is based on a contribution factor of [[.140]] .16Z, which is higher than the contribution factor announced for any quarter of [[2009]] 2011, and a corresponding circularity factor of [[.12178]] .14321Z. The public notices announcing the quarterly contribution factors [[for 2009]] are available at [[http://www.fcc.gov/omd/contributionfactor.html]]
<http://www.fcc.gov/encyclopedia/contribution-factor-quarterly-filings-universal-service-fund-usf-management-support> (...)

3. Links to Websites:

Website links were updated where appropriate at pages 5 and 11.

4. Stylistic Changes:

- Figure 2 on page 8 of the Form 499-Q Instructions (Filing Schedule), was simplified. The information is the same as contained in the prior Form 499-Q Instructions, but the format is now the same as the Filing Schedule that appears on Table 1 of the Form 499-A Instructions.