

Before the  
 Federal Communications Commission  
 Washington, D.C. 20554

In the Matter of )  
 )  
 1998 Biennial Regulatory Review -- )  
 Streamlined Contributor Reporting ) CC Docket No. 98-171  
 Requirements Associated with Administration )  
 of Telecommunications Relay Services, North )  
 American Numbering Plan, Local Number )  
 Portability, and Universal Service Support )  
 Mechanisms )  
 )

**NOTICE OF PROPOSED RULEMAKING and NOTICE OF INQUIRY**

**Adopted:** September 17, 1998

**Released:** September 25, 1998

Comments due: October 30, 1998  
 Reply Comments due: November 16, 1998

By the Commission: Commissioner Furchtgott-Roth issuing a separate statement.

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## I. INTRODUCTION

1. In this Notice of Proposed Rulemaking and Notice of Inquiry, we propose to simplify the Commission's filing requirements so that a single worksheet will replace several different forms currently filed with similar information. Under our existing rules, different filing and reporting requirements are associated with the Telecommunications Relay Services (TRS) Fund,<sup>1</sup> federal universal service support mechanisms,<sup>2</sup> the cost recovery mechanism for the North American Numbering Plan (NANP) administration,<sup>3</sup> and the cost recovery mechanism for long-term local number portability (LNP) administration.<sup>4</sup> Carriers and certain other providers of telecommunications services must satisfy these various requirements by filing different forms or worksheets, containing similar but not identical information, at different times, at different intervals, and in different locations.

<sup>1</sup> 47 C.F.R. §§ 64.601 *et seq.*

<sup>2</sup> 47 C.F.R. §§ 54.1 *et seq.*, 69.1 *et seq.*

<sup>3</sup> 47 C.F.R. §§ 52.1 *et seq.*

<sup>4</sup> 47 C.F.R. §§ 52.21 *et seq.*

2. Our existing multiple filing requirements impose real burdens on affected parties -- burdens that we can significantly reduce by combining current contributor reporting worksheets into one unified Telecommunications Reporting Worksheet. Besides benefiting reporting entities, adopting a single worksheet also will reduce the public costs of regulation by conserving Commission staff resources associated with auditing and cross-checking data submissions. Such public cost reductions benefit not only regulated parties and the Commission, but American taxpayers generally. We initiate this proceeding and review of our rules as part of our 1998 biennial review of regulations as required by section 11 of the Communications Act, as amended.<sup>5</sup> Section 11 of the Act requires us to review all of our regulations applicable to providers of telecommunications services and determine whether any rule is no longer in the public interest as the result of meaningful economic competition between providers of telecommunications service.<sup>6</sup>

3. In order to facilitate introduction of a unified Telecommunications Reporting Worksheet,<sup>7</sup> we propose to: 1) adopt a uniform schedule and location for filing contribution data; 2) encourage electronic filing of worksheets; 3) harmonize procedures for future changes to the proposed Telecommunications Reporting Worksheet; 4) authorize administrators to share contributor data in certain circumstances; 5) alter the revenue basis for assessing contributions to the TRS Fund and the NANP administration cost recovery mechanism; and 6) revise the minimum contribution requirements of the TRS Fund and the NANP administration cost recovery mechanism. In order to accomplish these changes, we propose limited changes to our rules<sup>8</sup> governing the administration of the TRS Fund, the administration of universal service support mechanisms, the cost recovery for the NANP administration, and the cost recovery for local number portability administration. Finally, we seek to further reduce carrier filing burdens by allowing carriers to use the proposed Telecommunications Reporting Worksheet to designate agents for service of process pursuant to section 413 of the Communications Act of 1934, as amended,<sup>9</sup> as well as to satisfy the reporting requirements of section 43.21(c) of our rules.<sup>10</sup>

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<sup>5</sup> 47 U.S.C. § 161. The Communications Act of 1934, as amended, (the Communications Act or the Act) is codified at 47 U.S.C. §§ 151 *et seq.*

<sup>6</sup> 47 U.S.C. § 161. *See also 1998 Biennial Review of FCC Regulations Begun Early*, FCC News Release (rel. Nov. 18, 1997); *FCC Staff Proposes 31 Proceedings as Part of 1998 Biennial Regulatory Review*, Report No. GN 98-1 (rel. Feb. 5, 1998).

<sup>7</sup> *See* Appendix B, Telecommunications Reporting Worksheet and accompanying instructions.

<sup>8</sup> *See* Appendix A, Proposed Rules.

<sup>9</sup> 47 U.S.C. § 413.

<sup>10</sup> 47 C.F.R. § 43.21(c). The Commission's rules are codified at Title 47 of the Code of Federal Regulations. 47 C.F.R. §§ 0.1 *et seq.*

4. With the limited exceptions noted above, we do not seek to revisit the substantive requirements of the four support and cost recovery mechanisms, the class of contributors to each mechanism, or the services whose revenues are included in contribution bases. Rather, the rulemaking focuses on steps to reduce burdens on contributors by improving the data collection process. In the Notice of Inquiry (NOI) portion of this proceeding, we request broader public comment on the feasibility and desirability of adopting other means to reduce contributor burdens, including possible use of a single billing and collection administrator for the TRS, universal service, NANP, and LNP support and cost recovery mechanisms.

## II. BACKGROUND

5. Congress has directed the Commission to fund interstate telecommunications relay services, the universal service support mechanisms, the administration of the North American Numbering Plan, and the administration of local number portability by collecting contributions from telecommunications carriers and certain other providers of telecommunications services. As currently structured, our contributor reporting requirements may place unnecessary administrative, compliance, and recordkeeping burdens on reporting carriers. Telecommunications carriers having interstate revenues currently must file, at different times throughout the year, a number of contributor reporting worksheets that reflect often duplicative reporting requirements.<sup>11</sup> At a minimum, such carriers must file three forms (Form 496 NANPA Funding Worksheet, Form 457 Universal Service Worksheet and Form 431 TRS Fund Worksheet) containing revenue and other data on which contributions to support or cost recovery mechanisms are based.<sup>12</sup> In addition to these filings, the Commission will soon require these carriers to file data to determine contributions for the administration of long-term local number portability. Given that there are seven distinct regional databases for long-term number portability (though a single organization may serve as administrator for multiple regions), certain carriers may be required to file up to seven additional worksheets in connection with local number portability administration. Beyond these contributor reporting requirements, all carriers must also file with the Commission contact information for an agent for service of process located in the District of Columbia.

6. We begin by describing, in summary form, key aspects of each mechanism affected by this proceeding.

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<sup>11</sup> It is our belief that most carriers required to contribute to one of the above-mentioned mechanisms are also required under the Commission's rules to report and contribute to most, if not all, of the four mechanisms.

<sup>12</sup> These current NANP administration, TRS Fund, and universal service support mechanism worksheets include 5 pages of forms and more than 30 pages of instructions in the aggregate.

## A. North American Numbering Plan

7. The North American Numbering Plan (NANP) is the basic numbering system permitting interoperable telecommunications service for the United States, Canada, Bermuda, and most of the Caribbean.<sup>13</sup> In the Telecommunications Act of 1996,<sup>14</sup> Congress mandated that "[t]he cost of establishing telecommunications numbering administration arrangements and number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission."<sup>15</sup> Congress, in section 251(e), conferred upon the Commission exclusive jurisdiction over those portions of the NANP that pertain to the United States and required the Commission to designate an impartial administrator for telecommunications numbering.<sup>16</sup>

8. The Commission, in the *Local Competition Second Report and Order*, implemented section 251(e) by requiring all telecommunications carriers to contribute to the cost recovery for numbering administration.<sup>17</sup> The Commission required each telecommunications carrier to base its contribution to the NANPA cost recovery mechanism on its net telecommunications revenues.<sup>18</sup> Consistent with section 251(e), the Commission established the North American Numbering Council (NANC) and instructed the NANC to recommend to the Commission neutral entities to serve as the administrator of the NANP and as billing and collection agent for the NANP.<sup>19</sup> On the recommendation of the NANC, the

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<sup>13</sup> *Administration of the North American Numbering Plan*, Report and Order, FCC 97-283, CC Docket 92-237, 11 FCC Rcd 2588 (rel. Jul. 13, 1995) (*NANP Order*). See also *Administration of the North American Numbering Plan, Toll Free Service Access Codes*, Third Report and Order and Third Report and Order, FCC 97-372, CC Docket No. 92-237, 95-155, 12 FCC Rcd 23040, ¶¶ 2-13 (rel. Oct. 9, 1997) (*NANP Third Report and Order*) (including a thorough history of the NANP and its administration).

<sup>14</sup> Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996 Act), *codified at* 47 U.S.C. §§ 151 *et seq.*

<sup>15</sup> 47 U.S.C. § 251(e)(2).

<sup>16</sup> 47 U.S.C. § 251(e)(1).

<sup>17</sup> *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, Second Report and Order, FCC 96-333, CC Docket No. 96-98, 11 FCC Rcd 19392, 19541, ¶ 342 (rel. Aug. 8, 1996) (*Local Competition Second Report and Order*).

<sup>18</sup> *Local Competition Second Report and Order*, 11 FCC Rcd at 19541.

<sup>19</sup> *NANP Order*, 11 FCC Rcd at 2632. See also *Local Competition Second Report and Order*, ¶ 264 ("We conclude that the action taken in the *NANP Order* satisfies the section 251(e)(1) requirement that the Commission create or designate an impartial numbering administrator."). We note that the billing and collection agent's primary functions are to calculate, assess, bill, and collect payments for numbering administration functions and to distribute funds to the NANPA on a monthly basis. *NANP Third Report and Order*, 12 FCC Rcd at 23057; see 47 C.F.R. § 52.16.

Commission affirmed the selections of Lockheed Martin IMS (Lockheed) as the NANP administrator (NANPA) and the National Exchange Carriers Association (NECA) as the NANP Billing and Collection Agent.<sup>20</sup> Carriers contributing to the cost recovery for the NANP administration must file annually the NANPA Funding Worksheet (FCC Form 496), developed by the NANP Billing and Collection Agent and approved by the Common Carrier Bureau.<sup>21</sup>

## B. Universal Service Support Mechanisms

9. In the 1996 Act, Congress directed the Commission to take the steps necessary to establish universal service support mechanisms to ensure the delivery of affordable telecommunications service to all Americans.<sup>22</sup> Congress, in section 254(d), further mandated that "[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service."<sup>23</sup>

10. In the *Universal Service Order*, released May 8, 1997, the Commission adopted the recommendations of a Federal-State Joint Board that the universal service support mechanisms should be administered through a neutral and impartial third party.<sup>24</sup> The Commission selected the Universal Service Administrative Company (USAC), a wholly-owned subsidiary of NECA, as the interim administrator.<sup>25</sup> The Commission also concluded

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<sup>20</sup> *NANP Third Report and Order*, 12 FCC Rcd at 23042.

<sup>21</sup> *See NANPA Third Report and Order*, 12 FCC Rcd at 23057 n.101.

<sup>22</sup> 47 U.S.C. § 254. *See also Federal-State Joint Board on Universal Service*, Report and Order, FCC 97-157, CC Docket No. 96-45, 12 FCC Rcd 8776 (rel. May 8, 1997) (*Universal Service Order*).

<sup>23</sup> 47 U.S.C. § 254(d). We note that section 254 states that "[a]ny other provider of interstate telecommunications may be required to contribute to the preservation and advancement of universal service if the public interest so requires." *Id.*

<sup>24</sup> *Universal Service Order*, 12 FCC Rcd at 9214-9218, ¶¶ 861 *et seq.*

<sup>25</sup> *Changes to the Board of Directors of the National Exchange Carriers Association, Inc. and Federal-State Joint Board on Universal Service*, Report and Order and Second Order on Reconsideration, CC Docket Nos. 97-21 and 96-45, FCC 97-253, 12 FCC Rcd 18400 (rel. July 18, 1997) (*Universal Service Second Order on Reconsideration*). While the Commission initially determined in the *Universal Service Order* that it would establish a Federal Advisory Committee whose function would be to recommend to the Commission an entity to serve as the permanent Administrator, in a May 8, 1998 *Report to Congress*, the Commission proposed that USAC be named the permanent Administrator, and, pending Commission review of USAC's performance after one year, USAC be divested from NECA. *See Report in Response to Senate Bill 1768 and Conference Report on H.R. 3579, Report to Congress*, FCC 98-85 (rel. May 8, 1998); *Common Carrier Bureau Seeks Comment on Administration of Federal Universal Service Support Mechanisms*, Public Notice, CC Docket Nos. 97-21 and

that contributions to the universal service support mechanisms will be based on end-user telecommunications revenues.<sup>26</sup> Pursuant to the Commission's rules, contributors to the universal service support mechanisms must report semi-annually their end-user telecommunications revenues on the Universal Service Worksheet.<sup>27</sup>

### C. Telecommunications Relay Service

11. Title IV of the Americans With Disabilities Act of 1990 (ADA), codified as section 225 of the Communications Act, as amended, requires the Commission to ensure that telecommunications relay services are available, to the extent possible, to individuals with hearing and speech disabilities.<sup>28</sup> Section 225 of the Act states that "costs caused by interstate telecommunications relay services shall be recovered from all subscribers for every interstate service . . . ."<sup>29</sup> To fulfill that mandate, the Commission has adopted rules that require the provision of telecommunications relay services (TRS) and that require all carriers providing interstate telecommunications services to contribute to the interstate TRS Fund on the basis of their gross interstate revenues.<sup>30</sup> Contributions to the TRS Fund are calculated in accordance with a TRS Worksheet which is prepared each year by the Commission and published in the Federal Register.<sup>31</sup>

### D. Local Number Portability

12. In the 1996 Act, Congress stated that all local exchange carriers have the duty to provide number portability in accordance with requirements prescribed by the Commission.<sup>32</sup> Local number portability (LNP) allows customers to retain their telephone

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96-45, DA 98-1336 (rel. July 15, 1998).

<sup>26</sup> *Universal Service Order*, 12 FCC Rcd at 9206-07.

<sup>27</sup> *See* 47 C.F.R. § 54.711.

<sup>28</sup> Pub. L. No. 101-336, § 401, 104 Stat. 327, 366-69 (adding section 225 to the Communications Act of 1934, as amended, 47 U.S.C. § 225).

<sup>29</sup> 47 U.S.C. § 225(d)(3)(B).

<sup>30</sup> 47 C.F.R. § 64.601 *et seq.* *See Telecommunications Relay Services and the Americans With Disabilities Act of 1990*, Third Report and Order, FCC 93-357, CC Docket No. 90-571, 8 FCC Rcd 5300, ¶12 (rel. July 20, 1993) (*TRS Third Report and Order*) ("recovering interstate relay costs from all common carriers who provide interstate service on the basis of their interstate revenues will accomplish this goal").

<sup>31</sup> 47 C.F.R. § 64.604(c)(4)(iii)(B).

<sup>32</sup> 47 U.S.C. § 251(b)(2).

numbers when changing their local telephone companies.<sup>33</sup> Section 251(e)(2) of the Communications Act, as added by the 1996 Act, mandates that "[t]he cost of establishing . . . number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission."<sup>34</sup>

13. In the *LNP Order and Further Notice*, the Commission required local exchange carriers to implement long-term number portability through a system of regional databases managed by neutral third party administrators (LNPAs or regional database administrators).<sup>35</sup> On the recommendation of the NANC, a federal advisory committee made up of industry, state regulatory commission, and consumer representatives, the Commission approved the selection of Lockheed as LNPA for four of the seven regions and Perot Systems, Inc. (Perot Systems) as LNPA for the remaining three regions.<sup>36</sup> Subsequent to the *LNP Second Report and Order*, Perot Systems was dismissed as LNPA for each of its three regions and Lockheed was hired to perform those LNPA functions.<sup>37</sup> In the *LNP Cost Recovery Order*, the Commission adopted competitively neutral rules to allocate among all telecommunications carriers the shared costs of the regional databases based on carriers' regional intrastate, interstate, and international end-user telecommunications revenues.<sup>38</sup> The Commission further delegated to the LNPAs the authority to collect data from all telecommunications carriers for the purpose of determining their contribution to the recovery of shared costs of long-term number portability.<sup>39</sup>

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<sup>33</sup> See 47 U.S.C. § 153(30). Section 3 of the Act states that number portability "means the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another." *Id.*

<sup>34</sup> 47 U.S.C. § 251(e)(2).

<sup>35</sup> *Telephone Number Portability*, First Report and Order and Further Notice of Proposed Rulemaking, FCC 96-286, CC Docket No. 95-116, 11 FCC Rcd 8352, 8355-56 (rel. July 2, 1996) (*LNP Order and Further Notice*). We note that the Commission has distinguished between long-term number portability and currently available, or "interim," number portability. See *id.*, 11 FCC Rcd at 8405 *et seq.* (discussing implementation of and cost recovery for interim number portability).

<sup>36</sup> *Telephone Number Portability*, Second Report and Order, FCC 97-289, CC Docket No. 95-116, 12 FCC Rcd. 12281, 12303 (*LNP Second Report and Order*). North American Numbering Council, *Local Number Portability Administration Selection Working Group Report*, App. D (Architecture & Administrative Plan for Local Number Portability), § 6.2 at 18-19 (April 25, 1997) (*NANC LNP Recommendation*), adopted, *LNP Second Report and Order*, 12 FCC Rcd. at 12283-84

<sup>37</sup> See *Telephone Number Portability*, Third Report and Order, FCC 98-82, CC Docket 95-116, ¶ 13,17 (rel. May 12, 1998) (*LNP Cost Recovery Order*).

<sup>38</sup> *LNP Cost Recovery Order*, ¶ 9; 47 C.F.R. § 52.32. Compare *LNP Order and Further Notice*, 11 FCC Rcd at 8415-8424 (discussing cost recovery for interim number portability).

<sup>39</sup> *LNP Cost Recovery Order*, ¶ 116; 47 C.F.R. § 52.32.



**E. Section 413 Agent for Service of Process**

14. Section 413 of the Communications Act, as amended, requires all carriers subject to the Act to designate in writing an agent in the District of Columbia for service of all process.<sup>40</sup> Pursuant to section 1.47(h) of the Commission's rules, carriers are required to file this information by letter with the Chief of the Formal Complaints Branch.<sup>41</sup>

**F. Section 43.21(c) Revenue and Plant Data**

15. Pursuant to section 43.21(c) of our rules, the Commission has required all toll carriers with operating revenues for a calendar year in excess of an indexed revenue threshold to file data on "operating revenues for that year and the value of its total communications plant" with the Chief of the Common Carrier Bureau.<sup>42</sup> Pursuant to our rules, this information is filed by letter.<sup>43</sup>

**III. CONSOLIDATING CONTRIBUTOR REPORTING REQUIREMENTS****A. Overview**

16. Much of the information on the different worksheets described above is similar, but not identical, which increases the burden on reporting carriers and the chance for errors and inconsistencies in the reporting process. For example, carriers must use different revenue bases (*e.g.*, gross telecommunications revenue, net telecommunications revenue, or end-user telecommunications revenue) when calculating their contributions to the different support and cost recovery mechanisms. Further, not all of the worksheets use the same year's revenues as the basis for contributions. Thus, the most recent NANPA Worksheet requires revenue and expense data for calendar year 1996, while the TRS and Universal Service Worksheets require only revenue data for the calendar year 1997. In addition, different worksheets are due at different times throughout the year: the NANPA Worksheet on March 12, the Universal Service Worksheet on March 31, and the TRS Worksheet on April 26.<sup>44</sup> Such a scheme

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<sup>40</sup> 47 U.S.C. § 413.

<sup>41</sup> 47 C.F.R. § 1.47(h).

<sup>42</sup> 47 C.F.R. § 43.21(c). The indexed revenue threshold is defined in section 32.9000 of the Commission's rules. 47 C.F.R. § 32.9000.

<sup>43</sup> 47 C.F.R. § 43.21(c).

<sup>44</sup> *FCC Announces Release of Universal Service Worksheet, FCC Form 457*, Public Notice, DA 97-1671, CC Docket Nos. 97-21 and 96-45 (rel. Aug. 4, 1997); *Telecommunications Relay Services and the Americans with Disabilities Act of 1990*, Order, DA 97-2676, 12 FCC Rcd 22046 (rel. Dec. 22, 1997); *Common Carrier Bureau Grants 90-Day Waiver of Separate Subsidiary Requirements to National Exchange Carrier Association, and Announces Release of 1998 NANPA Funding Worksheet, FCC Form 496*, Public Notice, NSD File No. 98-

increases the chance of inconsistencies between filings by the same carrier, because different filings may be based on financial records that are taken from different points of time. We expect that these processes require contributors to maintain multiple sets of records that might be otherwise unnecessary.

17. The combination of our requirement that carriers comply with separate data collections for each mechanism and the rules that prevent the administrators from sharing information,<sup>45</sup> predictably means that each administrator must "data enter" and validate similar contributor information. Not only does this cause unnecessary administrative cost, but it also makes it difficult for the Commission to reconcile information that has been filed with the various administrators. The use of a single form may permit administrative savings by the administrators and, by improving the accuracy of contributor data, may help ensure that all carriers contribute appropriate amounts.

18. In this proceeding, we seek ways to ease the burdens associated with the assessment of contributions to these four support and cost recovery mechanisms outlined in the preceding paragraphs. In Section III, we set forth a number of specific proposals designed to streamline and consolidate our reporting procedures. Primary among these proposals is the creation of one unified data collection worksheet to be used to provide data necessary to determine carrier contribution amounts to the TRS, NANP, universal service, and LNP administrators. We present below, a table outlining the key aspects of the filings for the four support and cost recovery mechanisms, comparing current practice with our proposed modifications. The details of the unified filing requirement are discussed in Section III. B. In subsequent portions of Section III, we propose several limited changes to the rules governing contributions to TRS, NANP, universal service, and LNP to facilitate use of the unified data collection worksheet. We tentatively conclude that these proposals, in combination, will enhance the ability of the Commission and the four administrators,<sup>46</sup> to collect reliable and accurate information from telecommunications service providers, and therefore to assess fair and complete contributions to the four support and cost recovery mechanisms, in furtherance of the Commission's statutory mandate to promote "a rapid,

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10, DA 98-266 (rel. Feb. 11, 1998). Lockheed, as LNPA, has not yet announced a due date for the local number portability worksheet.

<sup>45</sup> We note that the Commission temporarily waived the requirement that the TRS Administrator use data obtained from TRS contributors only for purposes of administering the TRS Fund. Pursuant to this temporary waiver, the TRS administrator may make available, and the universal service administrator may use, TRS contributor revenue information to compare revenue information provided by contributors on the Universal Service Worksheet. *Federal-State Joint Board on Universal Service*, Order, DA 98-523, CC Docket No. 96-45, ¶¶ 4-7 (rel. Mar. 20, 1998).

<sup>46</sup> We note that Lockheed is currently serving as the administrator for all of the seven LNP regions. In the future there may be as many as seven different administrators for purposes of LNP.

efficient, Nation-wide" telecommunications service.<sup>47</sup> We seek comment on this tentative conclusion, and on the specific proposals set forth below.

Mechanism	Current	Proposed
Universal Service	<ul style="list-style-type: none"> <li>- Form 457</li> <li>- Filed March 31 and Sept. 1</li> <li>- Filed with USAC</li> <li>- Reports end-user revenue &amp; revenue from other contributors</li> </ul>	<ul style="list-style-type: none"> <li>- Form 499</li> <li>- Filed April 1*</li> <li>- Filed at location to be determined</li> <li>- Reports end-user revenue &amp; revenue from other contributors</li> </ul>
TRS	<ul style="list-style-type: none"> <li>- Form 431</li> <li>- Filed April 26</li> <li>- Filed with TRS Administrator</li> <li>- Reports gross telecommunications revenues</li> </ul>	
NANPA	<ul style="list-style-type: none"> <li>- Form 496</li> <li>- Filed March 12</li> <li>- Filed with NANP B&amp;C Agent</li> <li>- Reports gross telecommunications revenues &amp; selected expense data</li> </ul>	
LNP	<ul style="list-style-type: none"> <li>- Form(s) to be determined</li> <li>- Dates(s) to be determined</li> <li>- Filed with LNPA</li> <li>- Reports end-user telecommunications revenue and revenue from other contributors</li> </ul>	
<p>* Universal service contributors would also file on September 1.</p>		

<sup>47</sup> 47 U.S.C. § 151.

**B. Telecommunications Reporting Worksheet**

19. To consolidate collection of contribution data for the universal service support mechanism, the TRS Fund, and the cost recovery mechanisms for NANP and LNP administrations, we propose the attached "Telecommunications Reporting Worksheet."<sup>48</sup> The proposed Telecommunications Reporting Worksheet would replace the existing worksheets, forms, or other methods of collecting data for contributions to these support and cost recovery mechanisms, and could be used by carriers to identify agents for service of process as required by section 413 of the Act and to provide the revenue and plant data required under section 43.21(c) of the Commission's rules. We present below a description of the components of the proposed Telecommunications Reporting Worksheet. We ask commenters to address the desirability of this proposal and to indicate whether such a unified worksheet would reduce the regulatory and administrative burden on reporting carriers and providers of telecommunications services. Alternatively, commenters should state whether any of these cost recovery mechanisms would be better served were we to continue collecting information through separate forms. We seek detailed comment on whether the items, described below and set out in our proposed worksheet, are necessary and adequate to satisfy the underlying regulatory requirements on which contributions are based.

20. We ask commenters to quantify any savings that would be realized by these efforts to consolidate the data reporting process. We encourage commenters to indicate whether there might be any class of contributors whose burden would be increased by the combined worksheet. In addition, we ask commenters to specify any information in our proposed worksheet that is either unnecessary or duplicative, as well as any information that is omitted from our proposal but that must be obtained for one of the above purposes. We direct commenters to consider whether any of the changes proposed below would alter existing contracts with any respective administrators, such that the Commission might need to revisit those contracts. In assessing the desirability of this proposal, we ask commenters to state whether any potential risks or problems might outweigh the benefits of this proposal.

**1. Universal Service Support Mechanism**

21. Contributions to the universal service support mechanism are currently based on information filed with the universal service administrator in the Universal Service Worksheet.<sup>49</sup> We propose to replace the Universal Service Worksheet with the Telecommunications Reporting Worksheet. The proposed Telecommunications Reporting Worksheet is intended to solicit all data collected by the current Universal Service Worksheet (FCC Form 457), but incorporates changes to accommodate the specific requirements of the other contribution mechanisms.

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<sup>48</sup> See Appendix B, Telecommunications Reporting Worksheet.

<sup>49</sup> 47 C.F.R. § 54.711.

22. To effectuate this change in worksheets, we propose to make corresponding amendments to those sections of the Commission's rules that refer to the Universal Service Worksheet, so that those rule sections will now refer to the Telecommunications Reporting Worksheet. We also propose to collect information on charges imposed by telecommunications carriers that are designated as universal service charges. This breakout would show the total amounts of revenue that reporting carriers received from any charges identified on customer bills as universal service contribution recovery. This proposal would ensure that these revenues are properly reported and included in carriers' contribution bases. Further, the proposal would make it easier for the Commission to verify that contributors are not over-recovering from subscribers.

## **2. Section 413 Designation of Agent for Service**

23. We tentatively conclude that requiring carriers to designate their agents for service of process in the Telecommunications Reporting Worksheet will obviate the need for carriers to make a separate filing for that purpose, thereby reducing burden on both carriers and Commission staff. This contact information can be used by the Commission or the administrators where carriers have changed addresses, failed to file, or where legal action is required to collect contributions due. Section 1.47(h) of the Commission's rules requires that agent for service of process information be filed with the Chief of the Formal Complaints and Investigations Branch of the Common Carrier Bureau. Thus, we propose to amend this rule to reflect that the required information may be submitted on the consolidated form and to provide for carrier's obligation to update the information when it changes.

## **3. Local Number Portability**

24. In the recent *LNP Cost Recovery Order*, the Commission decided that carriers' contributions to the cost recovery for long-term local number portability administration will be calculated in accordance with data requests issued by the LNP administrators.<sup>50</sup> We propose to alter this scheme by requiring carriers to report the LNP data as part of the proposed Telecommunications Reporting Worksheet. Because our rules require contributors to base their contribution on their regional intrastate, interstate, and international end-user telecommunications revenues, the proposed Telecommunications Reporting Worksheet would need to include all information necessary to calculate contributions to the LNP cost recovery, *i.e.*, on a region-by-region basis. Thus, the proposed worksheet would ask carriers to estimate the percent of contributable revenue that they have in each of the local number portability regions. We propose to amend our LNP rules to indicate that contributing carriers are to file the Telecommunications Reporting Worksheet.

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<sup>50</sup> *LNP Cost Recovery Order*, ¶ 116; 47 C.F.R. § 52.32.

#### 4. Telecommunications Relay Services

25. Contributions to the TRS Fund are currently calculated and filed in accordance with the TRS Fund Worksheet.<sup>51</sup> We propose to replace the TRS Fund Worksheet with the Telecommunications Reporting Worksheet. The proposed worksheet would include all of the data currently collected in the TRS Fund Worksheet.

26. Carriers currently base their contributions to the TRS Fund on their relative share of gross interstate telecommunications revenues.<sup>52</sup> Thus, based on our current rules, a unified worksheet would need to include a separate subtotal for information on gross telecommunications revenues. As discussed in detail below, we propose to modify the revenue basis for contributions to the TRS Fund, so that contributions would be based on end-user telecommunications revenue.<sup>53</sup> We believe that this change would satisfy the underlying statutory provisions and would make our treatment of contributions to the TRS Fund consistent with contributions to the universal service support mechanisms and the LNP cost recovery mechanism. If adopted, this proposal would reduce confusion and result in a more competitively neutral distribution of costs.

#### 5. North American Numbering Plan Administration

27. Carriers contributing to the cost recovery for the NANP administration file the NANPA Funding Worksheet (FCC Form 496), developed by the NANP Billing and Collection Agent, NECA, and approved by the Common Carrier Bureau.<sup>54</sup> We propose to amend our rules to require that carriers file the Telecommunications Reporting Worksheet as the means of calculating their contribution to the NANP administration cost recovery mechanism. In order to effect this proposal, we would need to amend our numbering rules to withdraw NECA's authority to develop and modify the NANP Worksheet.

28. Telecommunications carriers currently base their contributions to the cost recovery for the NANP administration on their net telecommunications revenue.<sup>55</sup> We propose, below, to modify the funding basis for contributions to the NANPA cost recovery, so that contributions would be based on end-user telecommunications revenue.<sup>56</sup> If adopted, this proposal would obviate the need for carriers to report payments to underlying carriers for

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<sup>51</sup> 47 C.F.R. § 64.604.

<sup>52</sup> 47 C.F.R. § 64.604(c)(4)(iii).

<sup>53</sup> *See infra* at ¶¶ 32-41.

<sup>54</sup> *See NANPA Third Report and Order*, 12 FCC Rcd 23040, ¶ 32 n.101.

<sup>55</sup> 47 C.F.R. § 52.17.

<sup>56</sup> *See infra* at ¶¶ 32-47.

access payments, unbundled network elements, local services taken for resale, wireless services taken for resale, and toll services taken for resale in the Telecommunications Reporting Worksheet.

## 6. Section 43.21(c) Revenue and Plant Data

29. Pursuant to section 43.21(c) of our rules, the Commission has required all toll carriers with operating revenues for a calendar year in excess of an indexed revenue threshold to file data on "operating revenues for that year and the value of its total communications plant" with the Chief of the Common Carrier Bureau.<sup>57</sup> Because the proposed Telecommunications Reporting Worksheet would, in any case, contain this revenue data, we propose to allow such carriers, at their option, to satisfy the section 43.21(c) obligations with their submission of the Telecommunications Reporting Worksheet. Carriers electing this option would also provide an estimate of gross communications plant on the worksheet. The Commission typically publishes data from section 43.21(c) submissions; thus, the Telecommunications Reporting Worksheet presumes that reporting carriers who chose to allow the Commission to use the Telecommunications Reporting Worksheet data for section 43.21(c) purposes make no claim of proprietary treatment for this data.<sup>58</sup> Subject carriers seeking classification of their section 43.21(c) submissions as confidential, pursuant to section 0.459 of the Commission's rules, would continue to file their section 43.21(c) data in a separate filing.<sup>59</sup> We seek comment on this proposal.

## C. Uniform Schedule and Location for Filing Contribution Data

30. In our view, the utility of a consolidated worksheet would be significantly enhanced if carriers are able to file the form only once. As required in the filing instructions of the existing worksheets, currently contributors file the required worksheets at different times of the year.<sup>60</sup> While the adoption of a single Telecommunications Reporting Worksheet

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<sup>57</sup> 47 C.F.R. § 43.21(c). The indexed revenue threshold is defined in section 32.9000 of the Commission's rules. 47 C.F.R. § 32.9000.

<sup>58</sup> See 47 C.F.R. § 0.459 (concerning requests for confidential treatment of information submitted to the Commission).

<sup>59</sup> 47 C.F.R. § 0.459.

<sup>60</sup> For example, in 1998, contributors are required to file worksheets on the following dates: 1) the Universal Service Worksheet on March 31, 1998 and September 1, 1998; 2) the TRS Worksheet on April 26, 1998; and 3) the NANPA Worksheet on March 12, 1998. *FCC Announces Release of Universal Service Worksheet, FCC Form 457*, Public Notice, DA 97-1671, CC Docket Nos. 97-21 and 96-45 (rel. Aug. 4, 1997); *Telecommunications Relay Services and the Americans with Disabilities Act of 1990*, Order, DA 97-2676, 12 FCC Rcd 22046 (rel. Dec. 22, 1997); *Common Carrier Bureau Grants 90-Day Waiver of Separate Subsidiary Requirements to National Exchange Carrier Association, and Announces Release of 1998 NANPA Funding Worksheet, FCC Form 496*, Public Notice, NSD File No. 98-10, DA 98-266 (rel. Feb. 11, 1998). Lockheed, as

makes possible a single filing date, we note that the universal service rules require that contributors file twice a year so that the Commission can develop contribution factors using relatively current information.<sup>61</sup> We do not propose to disturb this procedure.<sup>62</sup> Thus, carriers that are required to contribute to the universal service support mechanisms will continue to be required to file the new Telecommunications Reporting Worksheet on a semi-annual basis, in accordance with 47 C.F.R. § 54.711(a). Carriers exempt from contribution to the universal service support mechanism, but required to file for other purposes, would only file once a year. We propose that all carriers file the unified worksheet on April 1 of each year. We observe that most firms have closed their books for the prior calendar year in February or March. Thus, the April 1 date should allow most reporting carriers to prepare their submissions using audited data from closed books of account. While this would advance the date of filing for TRS purposes, we do not believe that this change would create a significant burden on contributors, particularly in light of the expected benefits of a uniform worksheet. We seek comment on this proposal. We also propose to revise the payment schedules for certain mechanisms so that payments to the TRS Fund and the NANPA and LNPA cost recovery mechanisms must be received by the first day of each month. If we adopt the proposed form, the Commission will incorporate this revised payment schedule when determining funding requirements and developing contribution factors. We seek comment on this proposal.

31. We also propose that carriers file the Telecommunications Reporting Worksheet at only one location. Contributors would not need to file separate copies of the form for each purpose (*i.e.*, TRS, NANP, LNP, universal service support mechanism, section 413 requirements, and section 43.21(c) requirements). In accordance with existing rules and practices, we propose that carriers continue to include all necessary data and any required contribution to the TRS and NANPA with their filing.<sup>63</sup> We believe that these steps should reduce form preparation and filing burden for contributors. By definition, this proposal would require administrators to coordinate and share contributor data filed in the Telecommunications Reporting Worksheet. We seek comment below on our proposal to allow the administrators to share contributor data, for the specific and limited purposes described.<sup>64</sup> We also seek comment as to whether the Commission needs to take further steps to ensure that administrators have adequate ability to coordinate and have access to the necessary

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LNPA, has not yet announced a due date for the local number portability worksheet.

<sup>61</sup> 47 C.F.R. § 54.711.

<sup>62</sup> Thus, contributors to the universal service support mechanisms would continue to make a second data filing on September 1 of each year.

<sup>63</sup> 47 C.F.R. § 64.604(c)(4)(iii)(B); *Common Carrier Bureau Grants 90-Day Waiver of Separate Subsidiary Requirements to National Exchange Carrier Association, and Announces Release of 1998 NANPA Funding Worksheet, FCC Form 496*, Public Notice, NSD File No. 98-10, DA 98-266 (rel. Feb. 11, 1998)

<sup>64</sup> See *infra* at ¶¶ 56-59.



information. We encourage commenters to consider whether any particular provisions should be incorporated into our rules to ensure such coordination between administrators.

#### D. Basis for Assessing Contributions

32. Contributions to each of the four support or cost recovery mechanisms are based on some measure of revenue. In each case, carriers or other contributors calculate the amount of their contribution to a particular mechanism by determining their proportion of a specified funding basis (or revenue basis). Under our current rules, contributions to these mechanisms are not calculated using the same funding basis. Thus, for example, contributions to the universal service support mechanisms and the LNPA cost recovery are based on the contributor's end-user telecommunications revenues.<sup>65</sup> In contrast, contributions to the TRS Fund are based on gross telecommunications revenue<sup>66</sup> and contributions to the NANPA cost recovery are based on net telecommunications revenue.<sup>67</sup>

33. To satisfy our rules, telecommunications carriers and other providers of telecommunications services are required to keep detailed records and report very similar but not identical data, on telecommunications revenues. These disparate requirements may tend to create unnecessary burdens for reporting entities. We propose to make changes to the rules for the TRS and NANPA cost recovery mechanisms that will reduce this administrative burden. Specifically, we propose to alter the bases for assessing contributions to the TRS and NANPA cost recovery mechanisms so that contributions to these mechanisms will be based on the contributor's end-user telecommunications revenue, *i.e.*, revenues derived from end-users for telecommunications and telecommunications services, including subscriber line charges (SLCs).<sup>68</sup>

34. As a matter of primary importance, and in considering our proposed changes to the funding bases of the TRS and NANPA mechanisms, we observe that assessing contributions on the basis of end-user telecommunications revenue may serve the underlying purposes of those mechanisms, as set out in the statutory requirements of the Communications Act, at least as well as the current funding bases. In each instance, the Commission originally decided on a revenue basis for these mechanisms after considering the underlying statutory language and the broader purposes that those statutes were intended to serve. As explained below, we consider those interpretations and tentatively conclude that both the funding of telecommunications relay services and the cost recovery for NANPA could also be collected

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<sup>65</sup> *Universal Service Order*, 12 FCC Rcd 9206-07; *LNP Cost Recovery Order*, ¶ 9; 47 C.F.R. § 52.32.

<sup>66</sup> 47 C.F.R. § 64.604(c)(4)(iii).

<sup>67</sup> *Local Competition Second Report and Order*, 11 FCC Rcd at 19541.

<sup>68</sup> *See Universal Service Order*, 12 FCC Rcd at 9206-07. The SLC is a flat monthly per-line rate that the end-user pays. *See* 47 C.F.R. § 69.104.

on the basis of end-user telecommunications revenues.

35. While we recognize that not all carriers and providers of telecommunications services will have to contribute to each of the funds addressed on this worksheet, we believe that most contributors will be required to contribute or at least report to more than one of the mechanisms. Thus, we expect that the majority of contributors should achieve particularly marked benefits in reduced administrative burden from these proposals.

36. We do not propose to alter the class of entities that contribute to the TRS Fund and NANPA cost recovery mechanisms. Nor do we propose to alter the set of services (*i.e.*, interstate, intrastate, or international) from which revenue is included in that funding basis. Finally, we do not propose to change the funding bases for the universal service support mechanisms or the cost recovery for LNP administration.

37. *Telecommunications Relay Services.* Congress, in section 225 of the Act, mandated that costs for interstate TRS be "recovered from all subscribers for every interstate service."<sup>69</sup> The Commission, in the *TRS Third Report and Order*, concluded that recovering interstate relay costs from all common carriers that provide interstate service on the basis of their gross interstate revenues would satisfy the statutory directive in section 225.<sup>70</sup> As discussed below, the Commission considered basing TRS contribution on end-user telecommunications revenues, but, for reasons that we now reconsider, declined to adopt that revenue basis. Thus, contributions to the TRS Fund currently are made on the basis of the contributor's relative share of gross interstate telecommunications revenues.<sup>71</sup>

38. In light of the Commission's experience since the *TRS Third Report and Order*, we propose to change the revenue basis for the TRS Fund, so that contributors will base their contribution on end-user telecommunications revenue, instead of gross telecommunications revenue. We believe that basing contributions on an end-user telecommunications revenue basis is consistent with the statutory language of section 225 and its requirement that "costs caused by interstate telecommunications relay services shall be recovered from all subscribers for every interstate service."<sup>72</sup> The Commission has previously defined the term "end-user telecommunications revenues" to include not only all revenues from end-users, but also revenues derived from other sources, such as subscriber lines charges and revenues collected from carriers that purchase telecommunications services for their own internal use.<sup>73</sup> We

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<sup>69</sup> 47 U.S.C. § 225(d)(3)(b).

<sup>70</sup> *TRS Third Report and Order*, 8 FCC Rcd 5300, ¶12.

<sup>71</sup> 47 C.F.R. § 64.604(c)(4)(iii)(B).

<sup>72</sup> 47 U.S.C. § 225(d)(3)(b).

<sup>73</sup> *Universal Service Order*, 12 FCC Rcd at 9206-07.

tentatively conclude that basing contributions to the TRS Fund on end-user telecommunications revenue will effectively carry out the mandate in section 225 that "all subscribers" of interstate services bear the cost of funding the interstate telecommunications relay services. We recognize that the TRS Fund administrator must collect and validate more data to administer contributions based on end-user telecommunications revenue, compared with contributions based on gross telecommunications revenue; however, this additional data will already be on the combined worksheet and therefore should represent little, if any, added burden to either contributors or the administrator. We seek comment on this tentative conclusion.

39. Given our proposal to create a unified contributor collection worksheet, we believe that changing the funding basis to end-user telecommunications revenue would significantly reduce burdens overall for carriers. The Commission has, subsequent to the *TRS Third Report and Order*, determined that contributions to the universal service support mechanisms and the cost recovery for LNP administration should be based on end-user telecommunications revenue.<sup>74</sup> We note that the Commission found, in *Universal Service Order*, that an end-user telecommunications revenue basis will be easy for carriers to administer because carriers already track their sales to end-users for billing purposes.<sup>75</sup> We expect that using the same funding basis for all of these purposes would reduce confusion and minimize the amount of information we need to collect from contributors. We therefore tentatively conclude that calculating TRS Fund contributions should be administratively easy to implement and should significantly reduce carrier confusion by harmonizing our requirements.

40. We note that at the time the Commission adopted the gross telecommunications revenue funding basis, the Commission considered arguments that this basis would create a double contribution problem.<sup>76</sup> Some parties contended that resellers would be unfairly disadvantaged if both resold and underlying services are subject to contribution. That is, a gross telecommunications revenue basis would disadvantage resellers by assigning contributions to the same service twice: once when the wholesale carrier collects revenue from the reseller, and again when the retail carrier collects revenue from its customer. Under this arrangement, resellers would be disadvantaged vis-a-vis non-resellers of the same retail service, because the resellers' prices would necessarily reflect the double payment of

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<sup>74</sup> *Universal Service Order*, 12 FCC Rcd at 9206-07; *LNP Cost Recovery Order*, ¶ 9; 47 C.F.R. § 52.32.

<sup>75</sup> *Universal Service Order*, 12 FCC Rcd at 9208.

<sup>76</sup> *TRS Third Report and Order*, 8 FCC Rcd 5300, ¶ 13; *Telecommunications Relay Services and the Americans With Disabilities Act of 1990*, Second Order on Reconsideration and Fourth Report and Order, FCC 93-463, CC Docket No. 90-571, ¶¶ 15-16 (rel. Sep. 29, 1993).

contributions for the same services.<sup>77</sup> The Commission agreed that a gross telecommunications revenue basis would produce double counting but observed that the amount of double counting for TRS purposes would not be material.<sup>78</sup> The Commission concluded that, for TRS purposes, basing contributions on other revenue bases (*e.g.*, net telecommunications revenue or end-user telecommunications revenue) would require more information and administrator review and that "the cost of identifying double counting would probably exceed the contribution associated with any double counting."<sup>79</sup> As explained above, we believe that adopting a single reporting worksheet eliminates these concerns about added costs.

41. In the *Universal Service Order*, the Commission declined to use a gross telecommunications revenue basis as a means of determining contributions to the universal service support mechanisms in part because of this double counting problem and its finding that such a basis would not promote competitive neutrality.<sup>80</sup> The Commission further found that using an end-user telecommunications revenue basis would be competitively neutral.<sup>81</sup> As in the universal service context, we seek to adopt rules that are competitively neutral, even where there is no explicit statutory requirement to do so. We tentatively conclude that the principle of competitive neutrality is consistent with section 225 and that basing contributions to the TRS Fund on a competitively neutral mechanism would advance the intent embodied in the Congressional goal of "a pro-competitive, de-regulatory national policy framework."<sup>82</sup> We accordingly tentatively conclude that we should change our TRS rules so that contributions to the TRS Fund will be based on end-user telecommunications revenue. We seek comment on this proposal and our accompanying analysis.

42. *North American Numbering Plan Administration*. In the case of NANPA cost recovery, section 251(e) of the Act directs that "[t]he cost of establishing telecommunications

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<sup>77</sup> We note that there is no explicit statutory requirement in section 225 that cost recovery for TRS be competitively neutral.

<sup>78</sup> *TRS Third Report and Order*, 8 FCC Rcd 5300, ¶ 13 ("[T]he potential unfairness of double counting is not sufficient to justify excluding access or resale service from contribution.").

<sup>79</sup> *TRS Third Report and Order*, 8 FCC Rcd 5300, ¶ 13.

<sup>80</sup> *Universal Service Order*, 12 FCC Rcd at 9207 ("we agree with the Joint Board's finding that basing contributions on gross telecommunications revenue creates a double payment problem for resold services and thus is not competitively neutral . . .").

<sup>81</sup> *Universal Service Order*, 12 FCC Rcd at 9205-06 (also noting that a net telecommunication revenue basis -- as used to calculate contributions to the NANPA cost recovery -- would be competitively neutral).

<sup>82</sup> Joint Explanatory Statement of the Committee of Conference, S. Conf. Rep. No. 230, 104th Cong., 2d Sess. 113 (1996) (Joint Explanatory Statement) (The 1996 Act was enacted "to promote competition and reduce regulation to secure lower prices and higher quality services for American telecommunications consumers . . .").

numbering administration arrangements and number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission."<sup>83</sup> The Commission, in the *Local Competition Second Report and Order*, required all telecommunications carriers to base their contributions to the NANPA cost recovery mechanism on net telecommunications revenues.<sup>84</sup> That is, contributors must subtract from their gross telecommunications services revenues expenditures for all telecommunications services and facilities that had been paid to other telecommunications carriers.<sup>85</sup> As described above, the Commission subsequently determined in the *Universal Service Order* that both a net telecommunications revenue basis, as currently used in numbering administration cost recovery, and an end-user telecommunications revenue basis, as used to calculate contributions for the universal service support mechanisms, are competitively neutral.<sup>86</sup> The Commission opted to base contributions to the universal service support mechanisms on an end-user telecommunications revenues basis at least in part on the finding that calculating end-user telecommunications revenue would be more administratively efficient for reporting carriers and telecommunications providers.<sup>87</sup>

43. On the basis of the analysis contained in the *Universal Service Order*, we reconsider our earlier decision and tentatively conclude that we should adopt an end-user telecommunications revenue basis for the purposes of NANPA cost recovery mechanism.<sup>88</sup> We believe that an end-user telecommunications revenue basis would satisfy the requirement in section 251(e) that telecommunications carriers contribute to the NANPA cost recovery

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<sup>83</sup> 47 U.S.C. § 251(e)(2).

<sup>84</sup> *Local Competition Second Report and Order*, 11 FCC Rcd at 19541. The Commission had initially proposed that each telecommunications carrier base its contributions to the NANPA on the gross revenues from its provision of telecommunications services because this approach would more equitably apportion the burden of cost recovery for numbering administration than would imposing a flat fee contribution upon all telecommunications carriers. *NANP Order*, 11 FCC Rcd at 2628-99. In the *Local Competition Second Report and Order*, the Commission found that contributions based on gross revenues would not be competitively neutral for those carriers that purchase telecommunications facilities and services from other telecommunications carriers because the carriers from whom they purchase services or facilities will have included in their gross revenues, and thus in their contributions to numbering administration, those revenues earned from services and facilities sold to other carriers. *Local Competition Second Report and Order*, 11 FCC Rcd at 19541.

<sup>85</sup> *Local Competition Second Report and Order*, 11 FCC Rcd at 19541. See also 47 C.F.R. § 52.17. This method is also commonly referred to as the "net revenue allocator."

<sup>86</sup> *Universal Service Order*, 12 FCC Rcd at 9205-06. See also *LNP Cost Recovery Order*, ¶¶ 105-110.

<sup>87</sup> *Universal Service Order*, 12 FCC Rcd at 9206.

<sup>88</sup> See *Universal Service Order*, 12 FCC Rcd at 9208-09.

mechanism on a competitively neutral basis.<sup>89</sup> Because section 251(e)(2) requires that we select a competitively neutral basis for contributions, but specifies no other criteria that must be used in the selection, we tentatively conclude that we have discretion under the statute to choose among competitively neutral mechanisms based upon other valid regulatory goals, such as administrative efficiency.<sup>90</sup> We seek comment on this tentative conclusion.

44. The Commission found in the *Universal Service Order* that basing contributions on end-user telecommunications revenues would be more administratively efficient than the net telecommunications revenue method.<sup>91</sup> We believe that same analysis applies here. In addition, and as described above, we believe that basing NANPA cost recovery (and TRS contributions) on end-user telecommunications revenues will reduce regulatory burdens on telecommunications service providers because they will be using the same methodology for each of the four support or cost recovery mechanisms addressed in this NPRM. That is, under our proposal contributors would no longer need to calculate three different revenue estimates. We seek comment on this proposal.

45. We note that section 251(e)(2) requires that the "cost of establishing telecommunications numbering administration arrangements . . . shall be borne by all telecommunications carriers on a competitively neutral basis . . . ."<sup>92</sup> When using an end-user telecommunications revenue basis, certain carriers -- particularly carriers providing wholesale services -- will have no end-user telecommunications revenue and thus would not be required to contribute to the NANPA cost recovery. For this reason, we propose to require that carriers that provided telecommunications service during the base year with no end-user telecommunications revenue make a fixed contribution of one hundred dollars (\$100) to the cost recovery mechanism. We tentatively conclude that assessing this sum will satisfy the statutory language of section 251(e)(2) and at the same time will not be economically

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<sup>89</sup> See *Universal Service Order*, 12 FCC Rcd at 9206-09 (finding that "the net telecommunications revenues approach is likely to cause distortions that could be avoided by the end-user telecommunications revenues approach"); *LNP Cost Recovery Order*, ¶¶ 105-110 (also interpreting section 251(e)(2)).

<sup>90</sup> See also *LNP Cost Recovery Order*, ¶ 108. We note that several Bell Operating Companies argued to the United States Court of Appeals for the 8th Circuit that the net telecommunications revenue methodology would not be competitively neutral if states do not permit carriers to flow through their numbering administration costs in the prices that they charge their competitors for telecommunications services and facilities. *California v. FCC*, 124 F.3d 934 (8th Cir., 1997). The Court of Appeals ruled that petitioners' contentions were speculative and not ripe for review because no state had concluded that carriers could not include numbering administration charges in the prices for services or facilities sold to other telecommunications service providers. *Id.* at 944. Adoption of an end-user telecommunications revenue basis would apparently moot this issue.

<sup>91</sup> *Universal Service Order*, 12 FCC Rcd at 9206.

<sup>92</sup> 47 U.S.C. § 251(e)(2). See *LNP Cost Recovery Order*, ¶¶ 113-114.

burdensome for these primarily-large wholesale carriers.<sup>93</sup> We seek comment on this proposal and analysis.

46. Contributions to the NANPA cost recovery mechanism for the year 1998 were based on carriers' revenues in the year 1996. We propose to alter this practice so that the base year for contributions to the NANPA cost recovery will be the immediately preceding year. This change is consistent with the practice followed for contributions to the TRS Fund and the universal service support mechanisms. We tentatively conclude that adopting a more current base year will permit contributions to track more closely revenues achieved by carriers. In addition, by requiring contributors to use the same base year for each of the support and cost recovery mechanisms, we expect to reduce significantly carrier confusion and to reduce the volume of data required by the Telecommunications Reporting Worksheet. We seek comment on this proposal.

47. For all these reasons, we tentatively conclude that we should alter the funding bases for NANPA cost recovery and for TRS contributions so that contributors base their payment on end-user telecommunications revenue. We seek comment on these tentative conclusions and the accompanying analysis.

#### **E. Minimum and Fixed Annual Contributions to NANPA and TRS Mechanisms**

48. *NANPA*. In the *NANP Third Report and Order*, we delegated to the NANPA Billing and Collection Agent the authority to perform collection activities, including the authority to design a reporting worksheet to collect information for assessments calculations.<sup>94</sup> In designing the worksheet, the Billing and Collection Agent imposed a one hundred dollar (\$100) minimum payment as a means of covering administrative expenses.<sup>95</sup>

49. We propose to revise our current requirements for minimum annual contributions by telecommunications carriers to the NANPA cost recovery. We propose a two-part structure for determining minimum contributions. As outlined above,<sup>96</sup> we propose that telecommunications carriers with no end-user telecommunications revenues make a fixed

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<sup>93</sup> See *LNP Cost Recovery Order*, ¶¶ 113-114 (reaching same conclusion with respect to cost recovery for administration of long-term local number portability).

<sup>94</sup> 47 C.F.R. § 52.16. The "worksheet must be submitted to the Commission for its review and approved by [the Office of Management and Budget] prior to its use by the [Billing and Collection Agent]." *Id.*

<sup>95</sup> *Common Carrier Bureau Grants 90-Day Waiver of Separate Subsidiary Requirements to National Exchange Carrier Association, and Announces Release of 1998 NANPA Funding Worksheet, FCC Form 496*, Public Notice, NSD File No. 98-10, DA 98-266 (rel. Feb. 11, 1998). This policy regarding minimum payments is consistent with our rules governing minimum contributions to the TRS Fund. See 47 C.F.R. § 64.604(c)(4)(iii)(B).

<sup>96</sup> See *supra* at ¶ 45.

contribution of one hundred dollars (\$100) per year to the NANPA cost recovery mechanism. We tentatively concluded above that this proposal satisfies the statutory language in section 251(e)(2) that the "cost of establishing telecommunications numbering administration arrangements . . . shall be borne by all telecommunications carriers on a competitively neutral basis . . . ." <sup>97</sup>

50. For those telecommunications carriers with any end-user telecommunications revenues, we propose to eliminate the minimum contribution rule because we are not certain that this amount is necessary to support the administrative costs of processing the worksheet and because of our desire to minimize burdens on the smallest carriers. Thus, we propose that these carriers simply calculate what they owe under our contribution formula and remit that amount, even if that amount is less than one hundred dollars (\$100). <sup>98</sup> We revisit, in this NPRM, the NANP Billing and Collection Agent's earlier decision regarding minimum contributions based on our experience with the NANPA and TRS mechanisms. We expect the administrative cost to process the NANPA worksheet to be less than one hundred dollars (\$100) per worksheet. <sup>99</sup> We further anticipate that the actions proposed here to streamline the contributor reporting process, particularly our proposals regarding electronic filing and sharing of information between administrators, will reduce administrative costs to process these worksheets. We seek comment about whether the costs to process this worksheet justify a mandatory minimum contribution for the purposes of NANPA, other than that fixed contribution described above for carriers with no end-user telecommunications revenue.

51. In addition, we believe that there may be small telecommunications carriers with relatively small amounts of end-user telecommunications revenue that are unduly burdened by the current rule regarding minimum contributions. By requiring these smaller carriers to pay only what they would owe under our contribution formula, we will free these carriers from an unnecessary and unfair burden. We accordingly tentatively conclude that carriers with end-user telecommunications revenue should not be required to make a minimum contribution of one hundred dollars to the NANPA cost recovery, as currently required. We seek comment on these tentative conclusions.

52. *Telecommunications Relay Services.* Pursuant to section 64.604(c)(4)(iii) of the Commission's rules, every carrier providing interstate telecommunications services "must contribute at least \$100 per year." The Commission adopted this minimum contribution to

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<sup>97</sup> See *supra* at ¶ 45. 47 U.S.C. § 251(e)(2). See also *LNP Cost Recovery Order*, ¶¶ 113-114 (discussing the treatment of carriers with no end-user telecommunications revenues).

<sup>98</sup> See Appendix A (proposed rule 47 C.F.R. § 52.17).

<sup>99</sup> We note that, in comments to the Federal-State Joint Board on Universal Service, NECA estimated administrative costs to be approximately \$20.00 per contributor. See *Federal-State Joint Board on Universal Service*, Recommended Decision, FCC 96J-3, CC Docket No. 96-45, 12 FCC Rcd 87, 489 (rel. Nov. 8, 1996) (discussing the accuracy of this figure); *Universal Service Order*, 12 FCC Rcd at 9188 n. 2060.



maintain an "efficiency of administration."<sup>100</sup>

53. We propose to eliminate the one hundred dollar (\$100) minimum contribution rule as applied to the TRS Fund.<sup>101</sup> Under our proposal, subject carriers (i.e., those providing interstate telecommunications services) would simply calculate what they owe under our contribution formula and remit that amount. As described above, our experience with the TRS Fund and the NANPA cost recovery mechanism has indicated that, under our current rules, many small carriers are required to make a minimum contribution that is disproportionately large based on their total telecommunications revenues.<sup>102</sup> We believe that this proposed change will provide a significant benefit to small telecommunications carriers. We realize that in the rarest instances the amount of a carrier's contribution may actually be smaller than the cost to process the application. We believe, however, that this inefficiency is outweighed by the benefits received by small carriers. We seek comment on this proposal.

54. We note that if we were to adopt both our proposal to eliminate the minimum contribution rule for the purposes of TRS contributions and our proposal to change the funding basis for TRS to end-user telecommunications revenues, we would effectively exempt from contributions a number of carriers that have significant gross telecommunications revenue but no end-user telecommunications revenue, *e.g.*, carriers that provide wholesale service. We tentatively conclude that this result is consistent with section 225 of the Act which states that the costs of telecommunications relay services be borne by "all subscribers," as opposed to all carriers. In so doing, we affirm this Commission's earlier conclusion that "recovering interstate relay costs from all common carriers who provide interstate service on the basis of their interstate revenues will accomplish [the purposes of section 225],"<sup>103</sup> but also tentatively conclude that our proposal to base TRS funding on an end-user telecommunications revenue basis would satisfy the language of the statute. That is, we believe that section 225 allows for but does not require contributions from all carriers. Accordingly, we tentatively conclude that our proposal to base contributions on end-user telecommunications revenue will effectively carry out Congressional intent as reflected in the language of the section 225. We seek comment on these tentative conclusions and analysis.

#### **F. Procedures for Future Changes to the Telecommunications Reporting Worksheet**

55. We propose to delegate authority to make future changes to the

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<sup>100</sup> *TRS Third Report and Order*, 8 FCC Rcd 5300, ¶16.

<sup>101</sup> 47 C.F.R. § 64.604(c)(4)(iii)(A) and (B).

<sup>102</sup> *See* Letter from Geraldine A. Matise, Chief, Network Services Division, Federal Communications Commission, to Ms. Cynthia Wood, Wood Two Payphones (May 7, 1998) (denying request for waiver of TRS Fund \$100 minimum contribution).

<sup>103</sup> *TRS Third Report and Order*, 8 FCC Rcd 5300, ¶ 12.

Telecommunications Reporting Worksheet to the Chief of the Common Carrier Bureau. Should we adopt our proposal to combine the TRS Fund, NANP administration, LNP administration, and universal service support mechanism worksheets into one unified worksheet, it would be important to have a single, predetermined procedure for altering that worksheet. We believe that such changes will be necessary as an ordinary matter. For example, for the purposes of both the TRS Fund and the NANPA cost recovery, the Commission will need to revise the payment formulas on which contributions are based for each year.<sup>104</sup> We believe it unnecessary for the Commission to review changes to the Telecommunications Reporting Worksheet that relate to these payment formulas or other ministerial tasks. Thus, we propose to amend our rules for the TRS Fund, NANP administration, LNP administration, and universal service support mechanisms, to include a specific delegation of authority to the Chief of the Common Carrier Bureau to make certain future changes to the combined worksheet. We seek comment on this proposal.

### G. Authorize Sharing of Information Between Administrators

56. We propose to permit the sharing of billing and collection information between the TRS, universal service, NANP, and LNP administrators. This proposal would permit administrators to cross-check filed data and collection information where contributors are required to file for more than one purpose.

57. Currently, the administrators for the TRS Fund, universal service support mechanisms, and NANP generally cannot allow data obtained from contributors to be used for any purpose unrelated to their fund.<sup>105</sup> Thus, under the current rules, two administrators can not agree to use a single monthly bill since that bill would incorporate proprietary information from more than one fund. We note the Commission, in a pending Notice,<sup>106</sup> proposed to

<sup>104</sup> See, e.g., 47 C.F.R. § 64.604(c)(4)(iii)(B).

<sup>105</sup> See, e.g., 47 C.F.R. § 64.604(c)(4)(iii)(I) ("[t]he administrator shall not use such data except for purposes of administering the TRS Fund, calculating the regulatory fees of interstate common carriers, and aggregating such fee payments for submission to the Commission."); 47 C.F.R. § 54.711(b); 47 C.F.R. § 52.16(c).

<sup>106</sup> *Changes to the Board of Directors of the National Exchange Carrier Association, Inc., Federal-State Joint Board on Universal Service*, Order on Reconsideration, Second Report and Order, and Further Notice of Proposed Rulemaking, CC Docket Nos. 97-21, 96-45, 12 FCC Rcd 12437 (1997) (*NECA II Further Notice*) (proposing to amend 47 C.F.R. § 64.604(c)(4)(iii)(I)). Section 64.604(c)(4)(iii)(I) provides that:

[t]he administrator [of the TRS Fund] shall keep all data obtained from contributors and TRS providers confidential, and shall not disclose such data in company-specific form unless directed to do so by the Commission. The administrator shall not use such data except for purposes of administering the TRS Fund, calculating the regulatory fees of interstate common carriers, and aggregating such fee payments for submission to the Commission . . . .

47 C.F.R. § 64.604(c)(4)(iii)(I).

amend its rules to permit the universal service administrator to review TRS data to verify revenue information provided by contributors to the universal service fund.<sup>107</sup> In that same Notice, the Commission also proposed to amend section 54.711(b) of the Commission's universal service rules to clarify that the Administrator's confidentiality obligations extend to data obtained from the TRS Fund.<sup>108</sup> In a subsequent order, the Commission temporarily waived on its own motion the requirement that the TRS Administrator use data obtained from TRS contributors only for purposes of administering the TRS Fund. Pursuant to this temporary waiver, the TRS administrator may make available, and the universal service administrator may use, TRS contributor revenue information to compare revenue information provided by contributors on the Universal Service Worksheet.<sup>109</sup>

58. We propose to authorize each of the four administrators to engage in similar sharing arrangements.<sup>110</sup> We tentatively conclude that the administrators will benefit significantly from this flexibility. This proposal should reduce audit costs dramatically and should increase greatly the reliability of data on which contributions to these mechanisms are based. As an additional benefit, we also contemplate that this proposal might allow administrators to delegate certain functions, such that, *e.g.*, one administrator might fulfill data entry and verification functions for more than one mechanism. At the same time, we propose to limit such sharing arrangements so as to ensure that proprietary information is not used for

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<sup>107</sup> The Commission attached proposed rule amendments in Appendix A. Every carrier providing interstate telecommunications services must contribute to the TRS Fund on the basis of its gross interstate subject revenues. Carriers are required to complete the TRS Fund Worksheet, which requests information relating to their gross interstate telecommunications revenues. *See* 47 C.F.R. § 64.604(c)(4)(iii).

<sup>108</sup> Section 54.711(b) of the Commission's rules provides that:

[t]he Commission shall have access to all data reported to the Administrator, Rural Health Care Corporation, and Schools and Libraries Corporation. Contributors may make requests for Commission nondisclosure of company-specific information under § 0.459 at the time that the subject data are submitted to the Administrator. The Commission shall make all decisions regarding nondisclosure of company-specific information. The Administrator, Rural Health Care Corporation, and Schools and Libraries Corporation shall keep confidential all data obtained from contributors, shall not use such data except for purposes of administering the universal service support programs, and shall not disclose such data in company-specific form unless directed to do so by the Commission.

47 C.F.R. § 54.711(b). The Commission tentatively concluded that these proposed amendments would be sufficient to maintain the confidentiality of the TRS Fund revenue data disclosed to the Administrator. *NECA II Further Notice* at para. 25.

<sup>109</sup> *Federal-State Joint Board on Universal Service*, Order, DA 98-523, CC Docket No. 96-45, ¶¶ 4-7 (rel. Mar. 20, 1998).

<sup>110</sup> We note, again, that Lockheed is currently serving as the administrator for all of the seven LNP regions. In the future there may be as many as seven different administrators for purposes of LNP. Thus the ability to share contributor data between administrators would be increasingly important.

any improper purpose. Our proposed rule language would require that such agreements be approved by the Chief of the Common Carrier Bureau. We seek comment on this proposal.

59. We further propose, as currently allowed under the Universal Service Worksheet, to permit carriers filing the Telecommunications Reporting Worksheet to certify that the revenue data contained in their submissions are privileged or confidential commercial or financial information and that disclosure of such information would likely cause substantial harm to the competitive position of the entity filing the worksheet.<sup>111</sup> Carriers would be able to make this certification on their Telecommunications Reporting Worksheet and request Commission nondisclosure of information contained in the worksheet by checking a box on the Worksheet, in lieu of submitting a separate request pursuant to section 0.459 of the Commission's rules. If the Commission receives a request for or proposes to disclose the information, the carrier would be required, of course, to make the full showing that our rules require in a request for withholding from public inspection information submitted to the Commission.<sup>112</sup> All sharing arrangements entered into among administrators would have to provide that the administrators will comply with requests for confidential treatment of their data. We seek comment on this proposal.

#### **H. Electronic Filing**

60. We propose to require the administrators to provide for and encourage electronic filing of the consolidated form. Electronic filing reduces data entry expenses for the administrator, reduces confusion, and might allow some mistakes to be detected before carriers file data. We anticipate that the administrators would be able to develop an electronic filing package that assists carriers with the compilation of data, calculation of totals and contribution amounts, and that provides contextual help. Such a package would greatly reduce the filing burden on small carriers and would greatly reduce data entry and validation costs for the administrators. We expect that electronic filing would reduce burdens on reporting carriers because they would be able to work from the electronic copy of their prior year's filing and modify only the information that has changed, rather than reentering all of the information for every filing. Also, we envision that electronic filing software could eventually calculate TRS, NANPA, and LNPA contributions for the filers. We note that this proposal is

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<sup>111</sup> We note, however, that carriers electing to satisfy their obligations under section 43.21(c) by means of the Telecommunications Reporting Worksheet would not receive confidential treatment for that data. *See supra* at ¶ 29.

<sup>112</sup> 47 C.F.R. § 0.459, as amended in *Examination of Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, FCC 98-184, GC Docket No. 96-55 (rel. Aug. 1998) (listing the showings required in a request that information be withheld and stating that the Commission may defer action on such requests until a request for inspection has been made).

consistent with the directives of the Office of Management and Budget (OMB).<sup>113</sup>

61. We expect that any transition to an electronic filing system would require considerable coordination between the administrators, the telecommunications industry, and the Commission. We note that the technical details of how electronic filing is accomplished can be complex and expensive for both the administrators and reporting carriers. We seek comment on the nature and extent of these administrative costs. We seek specific recommendations on the appropriate time frame for development of electronic filing mechanisms and we ask commenters to consider any increased burden on the administrators and whether the Commission might need to adjust existing contracts with administrators to provide for this function.

62. In addition, we are committed to making electronic filing and other electronic applications accessible to persons with disabilities to the fullest extent possible. We note that electronic filing is subject to program accessibility requirements of section 1.850 of our rules.<sup>114</sup> In addition Congress has revised the requirements for access by persons with disabilities to federal information technology programs in the Workforce Investment Act of 1998.<sup>115</sup> We recognize that, in some instances, it may be difficult for persons with disabilities to access components of the proposed electronic filing. In particular, the accessibility of forms and certain types of electronic files raises complex technical issues. We will continue to work on these issues and fully expect that with advances in technology, we will be able to enhance the accessibility to persons with disabilities.

#### IV. NOTICE OF INQUIRY

63. We issue this Notice of Inquiry to investigate additional steps we could take that might allow us to further rationalize the contribution mechanisms currently in place and reduce filing burdens on parties. We invite commenters to bring to our attention any such suggestions that would reduce burdens and maximize the efficiency of the contributor reporting requirements process, while maintaining accuracy and accountability in the administration of the mechanisms. In particular, we ask commenters to consider whether the

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<sup>113</sup> See Notice of Office of Management and Budget Action, OMB No. 3060-0536 (Feb. 24, 1998) (approving the TRS Worksheet and stating "OMB again encourages the FCC to adopt electronic filing for this collection and expects to see positive [sic] action on this in time for the next extension of this collection in August 1998").

<sup>114</sup> 47 C.F.R. § 1.850.

<sup>115</sup> Workforce Investment Act of 1998, P.L. No. 105-220, 112 Stat. 936 (Aug. 7, 1998). Section 508 of the Act provides that persons with disabilities and non-disabled persons must have comparable access and ability to use technology and electronic information, and federal agencies must take steps to ensure such comparable access for persons with disabilities unless an undue burden would be imposed. If an undue burden would be imposed, the agency must provide an alternative means of access that allows for persons with disabilities to access and use the information.

Commission should consolidate all billing and collection functions for the four support and cost recovery mechanisms with a single agent.<sup>116</sup> Under such a plan, a single billing and collection agent would have no responsibilities over the administration of the TRS Fund, the maintenance of universal service, the administration of numbering resources, or the maintenance of local number portability databases. A billing and collection agent would be charged with efficiently collecting contributions from all subject contributors.

64. We note that the Commission has taken other actions to promote efficiency and accountability in administration of the support and cost recovery mechanisms. For example, in the universal service proceeding, the Commission recently proposed that a single entity, USAC, administer universal service support for rural health care providers and schools and libraries, as well as the high cost and low income support mechanisms.<sup>117</sup> We ask commenters to consider whether adoption of a single agent to perform billing and collection functions on a consolidated basis for the four support and cost recovery mechanisms would reduce administrative costs, lead to greater accountability, and promote the efficient and effective administration of the support and cost recovery mechanisms.<sup>118</sup> In addition, we ask parties to address the following specific questions and related issues:

1. Would consolidating the billing and collection functions reduce the burden on contributors or otherwise produce real cost savings?
2. Would creation of a single billing and collection agent create significant benefits by reducing the number of personnel with access to proprietary information? What alternative measures should be considered?
3. Would consolidating billing and collection functions in a single agent with narrow responsibilities better assure that all contributors pay appropriate amounts?

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<sup>116</sup> These mechanisms are: the TRS Fund; the cost recovery for shared costs of administering long-term, local number portability; the cost recovery for administering the North American Numbering Plan; and the universal service support mechanisms.

<sup>117</sup> *Report in Response to Senate Bill 1768 and Conference Report on H.R. 3579*, Report to Congress, FCC 98-85 (rel. May 8, 1998) (*May 8, 1998 Report to Congress*). See also *Federal-State Joint Board on Universal Service*, Fifth Order on Reconsideration and Fourth Report and Order, FCC 98-120 (adopted June 12, 1998) (directing the Schools and Libraries Corporation, the Rural Health Care Corporation, and USAC to file with the Commission a joint plan of reorganization); *Common Carrier Bureau Seeks Comment on Administration of Federal Universal Service Support Mechanisms*, Public Notice, CC Docket Nos. 97-21 and 96-45, DA 98-1336 (rel. July 15, 1998).

<sup>118</sup> We state our understanding and expectation that other administrative functions, *i.e.*, those unrelated to billing and collection, could not be consolidated given the varying and unique requirements of each support and cost recovery mechanism.

4. Under the current system, there could be as many as 10 separate organizations with various responsibilities to bill contributors and collect contributions for the support and cost recovery mechanisms. Would consolidating all billing and collection functions reduce indirect competition among potential administrators and potentially increase administrative costs rather than reduce them?
5. Current Commission rules give NANC certain responsibilities with respect to the selection of a billing and collection agent to collect funding for administration of the North American Number Plan.<sup>119</sup> NANC also has certain responsibilities over collections to cover the expenses of administering number portability.<sup>120</sup> Creation of a single billing and collection agent would reduce or alter NANC responsibilities. What problems, if any, might this proposal cause?
6. Current universal service rules allow carriers to offset universal service contribution requirements by the provision of certain universal service related services. Would removing the billing and collection function from the universal service administrator require burdensome coordination between the universal service administrator and the new billing and collection agent or increase the potential for fraud by contributors?
7. The current NANPA billing and collection agent and the current administrators for the universal service support mechanism, the TRS Fund, and LNP cost recovery have been selected for set periods with responsibilities that include billing and collection functions. How might a single billing and collection agent be selected and what steps would be necessary to transition to such a system?
8. The proposed Telecommunications Reporting Worksheet instructions contemplate that contributors mail separate checks for each funding purpose. Would creation of a single billing and collection agent permit contributors to file a single check for multiple funding purposes, *e.g.*, the LNP administration, the NANPA administration, and the TRS Fund?<sup>121</sup> Could the Commission take other steps to provide for a single check for multiple funding purposes without consolidating the billing and

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<sup>119</sup> See *NANP Order*, 11 FCC Rcd 2588.

<sup>120</sup> See *LNP Order and Further Notice*, 11 FCC Rcd 8352.

<sup>121</sup> We note that payments to the universal service support mechanisms are not filed with the Universal Service Worksheet. Instead, the universal service rules state that "[t]he administrator shall bill contributors and collect contributions on a quarterly basis." 47 C.F.R. § 54.709(a)(4).

collection functions? Would the ability to file a single check for multiple funding purposes benefit contributors? Would such a proposal create any risks or cause significant increases in administrative costs? We ask commenters to address any rule changes that would be necessary, so that the Commission might permit contributors to send only one check, while also ensuring that appropriate amounts are transferred to each program.

## V. CONCLUSION

65. The Commission has instituted this proceeding in order to explore ways by which it may reduce burdens on regulated carriers and other providers of telecommunications services. In the NPRM portion of the proceeding, we propose to combine currently required worksheets into one unified Telecommunications Reporting Worksheet. As a result, we can substantially reduce burdens imposed on contributors, as well as reduce the associated public costs of regulation. In the companion NOI, we ask more general questions about additional steps we might take to further reduce regulatory burdens. Because the proceeding focuses on eliminating duplicative regulatory burdens, we have identified it as part of the Commission's 1998 biennial regulatory review wherein we are charged to eliminate unnecessary regulatory requirements that no longer serve the public interest. We encourage commenters to fully address all issues raised in the NPRM and utilize the NOI as an opportunity to suggest ways in which the Commission can act to further reduce regulatory burden in this area.

## VI. PROCEDURAL MATTERS

### A. Initial Paperwork Reduction Act Analysis

66. This *Notice of Proposed Rulemaking* contains a proposal to reduce existing information collections. As part of our continuing effort to reduce paperwork burdens, we invite the general public and the Office of Management and Budget (OMB) to take this opportunity to comment on the proposals contained in this *Notice of Proposed Rulemaking*, as required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13. Public and agency comments are due at the same time as other comments on this *Notice of Proposed Rulemaking*; OMB comments are due 60 days from the date of the publication of this *Notice of Proposed Rulemaking* in the Federal Register. Comments should address: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of collection of information on respondents, including the use of automated collection techniques or other forms of information technology.



**B. Initial Regulatory Flexibility Act Analysis**

67. As required by the Regulatory Flexibility Act (RFA),<sup>122</sup> the Commission has prepared an Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities of the policies and rules proposed in this NPRM. The IRFA is set forth as Appendix C. Written public comments are requested with respect to the IRFA. These comments must be filed in accordance with the same filing deadlines for comments on the rest of the NPRM and they must have a separate and distinct heading, designating the comments as responses to the IRFA. The Office of Public Affairs, Reference Operations Division, will send a copy of this NPRM and Notice of Inquiry, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.

**C. Ex Parte Presentations**

68. This proceeding will be treated as a "permit-but-disclose" proceedings subject to the "permit-but-disclose" requirements under section 1.1206 of the Commission's rules, as revised.<sup>123</sup> Additional rules pertaining to oral and written presentations are set forth in section 1.1206.<sup>124</sup>

**D. Comment Filing Procedures**

69. *General.* Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 C.F.R. §§ 1.415, 1.419, interested parties may file comments on before October 30, 1998, and reply comments on or before November 16, 1998. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.<sup>125</sup>

70. Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-

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<sup>122</sup> See 5 U.S.C. § 603. The RFA, see 5 U.S.C. § 601 *et. seq.*, has been amended by the Contract With America Advancement Act of 1996, Pub. L. No. 104-121, 110 Stat. 847 (1996) (CWAAA). Title II of the CWAAA is the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA).

<sup>123</sup> 47 C.F.R. § 1.1206.

<sup>124</sup> *Id.*

<sup>125</sup> See *Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24,121 (1998).

mail to [ecfs@fcc.gov](mailto:ecfs@fcc.gov), and should include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.

71. Parties who choose to file by paper must file an original and four copies of each filing.<sup>126</sup> If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. All filings must be sent to the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, 1919 M St. N.W., Room 222, Washington, D.C. 20554, with a copy to: Scott K. Bergmann, Common Carrier Bureau, Industry Analysis Division, 2033 M Street, N.W., Room 500, Washington, D.C. 20554.

72. Parties who choose to file by paper should also submit their comments on diskette. These diskettes should be submitted to: Ms. Terry Conway, Common Carrier Bureau, Industry Analysis Division, 2033 M Street, N.W., Room 500, Washington, D.C. 20554. Such a submission should be on a 3.5 inch diskette formatted in an IBM compatible format using WordPerfect 5.1 for Windows or compatible software. The diskette should be accompanied by a cover letter and should be submitted in "read only" mode. The diskette should be clearly labelled with the commenter's name, proceeding (including the lead docket number in this case [CC Docket No.98-171]), type of pleading (comment or reply comment), date of submission, and the name of the electronic file on the diskette. The label should also include the following phrase "Disk Copy - Not an Original." Each diskette should contain only one party's pleadings, preferably in a single electronic file. In addition, commenters must send diskette copies to the Commission's copy contractor, International Transcription Service, Inc., 1231 20th Street, N.W., Washington, D.C. 20037.

## VII. ORDERING CLAUSES

73. ACCORDINGLY, IT IS ORDERED, pursuant to sections 1, 4(i), 4(j), 11, 201-205, 210, 214, 218, 225, 251, 254, 303(r), 332, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 154(j), 161, 201-205, 210, 214, 218, 225, 251, 254, 303(r), 332 and 403 that this NOTICE OF PROPOSED RULEMAKING is hereby ADOPTED and that COMMENT IS SOUGHT on these issues.

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<sup>126</sup> See also 47 C.F.R. § 1.49 (concerning paper copies).

74. ACCORDINGLY, IT IS ORDERED, pursuant to sections 1, 4(i), 4(j), 11, 201-205, 210, 214, 218, 225, 251, 254, 303(r), 332, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 154(j), 161, 201-205, 210, 214, 218, 225, 251, 254, 303(r), 332 and 403 that this NOTICE OF INQUIRY is hereby ADOPTED and that COMMENT IS SOUGHT on these issues.

75. IT IS FURTHER ORDERED that the Commission's Office of Public Affairs, Reference Operations Division, SHALL SEND a copy of this NOTICE OF PROPOSED RULEMAKING and NOTICE OF INQUIRY, including the Initial Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

FEDERAL COMMUNICATIONS COMMISSION

Magalie Roman Salas  
Secretary

## APPENDIX A - Proposed Rules

## AMENDMENTS TO THE CODE OF FEDERAL REGULATIONS

## PART 1--PRACTICE AND PROCEDURE

1. The authority citation for Part 1 continues to read as follows:

AUTHORITY: 15 U.S.C. 79 *et seq.*; 47 U.S.C. 151, 154(i), 154(j), 155, 225, and 303(r).

2. Section 1.47(h) of the Commission's rules is amended to read as follows:

**§ 1.47 Service of documents and proof of service.**

(h) Every common carrier subject to the Communications Act of 1934, as amended, shall designate an agent in the District of Columbia, and may designate additional agents if it so chooses, upon whom service of all notices, process, orders, decisions, and requirements of the Commission may be made for and on behalf of said carrier in any proceeding before the Commission. Such designation shall include, for both the carrier and its designated agents, a name, business address, telephone or voicemail number, facsimile number, and, if available, Internet e-mail address. The carrier shall additionally list any other names by which it is known or under which it does business, and, if the carrier is an affiliated company, the parent, holding, or management company. Such designation information shall be filed in accordance with the "Telecommunications Worksheet" specified in section 52.17(b). Within one week of offering service to the public, new carriers must use the "Telecommunications Reporting Worksheet" to file designation information with the Formal Complaints and Investigations Branch of the Common Carrier Bureau. Carriers must notify the Commission within one week of any changes in their designation information by filing revised portions of the Telecommunications Reporting Worksheet with the Formal Complaints and Investigations Branch of the Common Carrier Bureau. A paper copy of this designation list shall be maintained in the Office of the Secretary of the Commission. Service of any notice, process, orders, decisions or requirements of the Commission may be made upon such carrier by leaving a copy thereof with such designated agent at his office or usual place of residence. If a carrier fails to designate such an agent, service of any notice or other process in any proceeding before the Commission, or of any order, decision, or requirement of the Commission, may be made by posting such notice, process, order, requirement, or decision in the Office of the Secretary of the Commission.

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**PART 52 - NUMBERING**

Part 52 of Title 47 of the Code of Federal Regulations (C.F.R.) is amended as follows:

1. The authority citation for Part 52 continues to read as follows:

AUTHORITY: Sec. 1, 2 , 4, 5, 48 Stat. 1066, as amended; 47 U.S.C. § 151, 152, 154, 155 unless otherwise noted. Interpret or apply secs. 3, 4, 201-205, 207-209, 218, 225-7, 251-2, 271 and 332, 48 Stat. 1070, as amended, 1077; 47 U.S.C. 153, 154, 201-205, 207-09, 218, 225-7, 251-2, 271 and 332 unless otherwise noted.

2. Section 52.16 of the Commission's rules is amended to read as follows:

**§ 52.16 Billing and Collection Agent.**

The B & C Agent shall:

- (a) \* \* \*

- (b) Collect from U.S. carriers contributions to be calculated and filed in accordance with the "Telecommunications Reporting Worksheet" specified in § 52.17(b).

- (c) Keep confidential all data obtained from carriers and not disclose such data in company-specific form unless authorized by the Commission. The B & C Agent shall use such data only for calculating, collecting and verifying payments, except as described below in this paragraph. The Chief of the Common Carrier Bureau may approve arrangements between the B & C Agent and administrators of the universal service support mechanism (See 47 C.F.R. Sec. 54.701), the TRS Fund (See 47 C.F.R. Sec. 64.604(c)(4)(iii)(H)), and the local number portability cost recovery (See 47 C.F.R. Sec. 52.32) to permit sharing of information on contributors in order to gain administrative efficiencies or validate contributor data;

\* \* \*

3. Section 52.17 of the Commission's rules is amended to read as follows:

**§ 52.17 Costs of number administration.**

All telecommunications carriers in the United States shall contribute on a competitively neutral basis to meet the costs of establishing numbering administration.

- (a) Contributions to support number administration shall be the product of the contributors' end-user telecommunications revenues for the prior calendar year and a contribution factor determined annually by the Chief of the Common Carrier Bureau. The contribution factor shall be based on the ratio between expected number administration expenses to expected end-

user telecommunications revenues. In the event that contributions exceed administrative costs, the contribution factor for the following year will be adjusted by an appropriate amount. Each subject carrier with no end-user telecommunications revenues must contribute \$100. Payments for other carriers will be based on end-user telecommunications revenues times the contribution factor. Telecommunications carriers whose annual contributions total less than \$1,200 must pay the entire contribution at the beginning of the contribution period. Telecommunications carriers whose contributions total \$1,200 or more may divide their contributions into equal monthly payments.

(b) Contributions shall be calculated and filed in accordance with a "Telecommunications Reporting Worksheet," which shall be published in the Federal Register. The Chief of the Common Carrier Bureau shall have the authority to adopt future changes to the Telecommunications Reporting Worksheet. The worksheet sets forth information that must be provided by the contributor, the formula for computing the contribution, the manner of payment, and due dates for payments. The worksheet shall be certified to by an officer of the contributor, and subject to verification by the Commission or the B & C Agent at the discretion of the Commission. Contributors' statements in the worksheet shall be subject to the provisions of Title 18 of the United States Code. The B & C Agent may bill contributors a separate assessment for reasonable administrative expenses and interest resulting from improper filing or overdue contributions.

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4. Section 52.32 of the Commission's rules is amended to read as follows:

**§ 52.32 Allocation of the shared costs of long-term number portability.**

(a) \* \* \*

(b) Contributions specified in § 52.32(a)(2) shall be the product of a telecommunications carrier's end-user telecommunications revenues for each region for the prior calendar year and a contribution factor for each region determined annually by the Chief of the Common Carrier Bureau. The contribution factors shall be based on the ratio between expected local number portability administration expenses to expected end-user telecommunications revenues for each region. In the event that contributions exceed local number portability administrative costs for a region, the contribution factor for the following year will be adjusted by an appropriate amount. Telecommunications carriers whose annual contributions total less than \$1,200 must pay the entire contribution at the beginning of the contribution period. Telecommunications carriers whose contributions total \$1,200 or more may divide their contributions into equal monthly payments. Contributions shall be calculated and filed in accordance with a "Telecommunications Reporting Worksheet," which shall be published in the Federal Register. The Chief of the Common Carrier Bureau shall have the authority to adopt future changes to the Telecommunications Reporting Worksheet. The worksheet sets forth information that must be provided by the contributor, the formula for computing the contribution, the manner

of payment, and due dates for payments. The worksheet shall be certified to by an officer of the contributor, and subject to verification by the Commission or the administrator at the discretion of the Commission. Contributors' statements in the worksheet shall be subject to the provisions of Title 18 of United States Code. Local number portability administrators may bill contributors a separate assessment for reasonable administrative expenses and interest resulting from improper filing or overdue contributions.

(c) Local number portability administrators shall keep all data obtained from contributors confidential and shall not disclose such data in company-specific form unless directed to do so by the Commission. The administrators shall use such data only for purposes of administering local number portability, except as described below in this paragraph. The Chief of the Common Carrier Bureau may approve arrangements between local number portability administrators and administrators of the universal service support mechanism (See 47 C.F.R. Sec. 54.701), the North American Numbering Plan administration cost recovery (See 47 C.F.R. Sec. 52.16), and the TRS Fund (See 47 C.F.R. Sec. 64.604(c)(4)(iii)(H)) to permit sharing of information on contributors in order to gain administrative efficiencies or validate contributor data. The Commission shall have access to all data reported to the local number portability administrators.

(d) Once a telecommunications carrier has been allocated, pursuant to subparagraph (a)(1) or (a)(2) of this section, its portion of the shared costs of long-term number portability attributable to a regional database, the carrier shall treat that portion as a carrier-specific cost directly related to providing number portability.

\* \* \* \* \*

## PART 54 - UNIVERSAL SERVICE

Part 54 of Title 47 of the Code of Federal Regulations is amended as follows:

1. The authority citation for Part 54 continues to read as follows:

AUTHORITY: 47 U.S.C. 1, 4(i), 201, 205, 214, and 254 unless otherwise noted.

2. Section 54.705 is amended to read as follows:

### § 54.705 De minimis exemption.

If a contributor's contribution to universal service in any given year is less than \$10,000 that contributor will not be required to submit a contribution or Telecommunications Reporting Worksheet for that year unless it is required to do so to by our rules governing Telecommunications Relay Service (47 C.F.R. §§ 64.601 et seq.), numbering administration (47 C.F.R. §§ 52.1 et seq.), or local number portability administration (47 C.F.R. §§ 52.21 et

seq.). If a contributor improperly claims exemption from the contribution requirement, it will be subject to the criminal provisions of sections 220(d) and (e) of the Act regarding willful false submissions and will be required to pay the amounts withheld plus interest.

3. Section 54.709 is amended to read as follows:

**§ 54.709 Computations of required contributions to universal service support mechanisms.**

(a) Contributions to the universal service support mechanisms shall be based on contributors' end-user telecommunications revenues and contribution factors determined quarterly by the Commission.

(1) \* \* \*

(2) The quarterly universal service contribution factors shall be based on the ratio of total projected quarterly expenses of the universal service support programs to total end-user telecommunications revenues. The Commission shall determine two contribution factors, one of which shall be applied to interstate and international end-user telecommunications revenues and the other of which shall be applied to interstate, intrastate, and international end-user telecommunications revenues. The Commission shall approve the Administrator's, the Schools and Libraries Corporation's, and the Rural Health Care Corporation's quarterly projected costs of universal service support programs, taking into account demand for support and administrative expenses. The total subject revenues shall be compiled by the Administrator based on information contained in the Telecommunications Reporting Worksheets described in § 54.711(a).

(b) \* \* \*

(c) \* \* \*

(d) If a contributor fails to file a Telecommunications Reporting Worksheet by the date on which it is due, the Administrator shall bill that contributor based on whatever relevant data the Administrator has available, including, but not limited to, the number of lines presubscribed to the contributor and data from previous years, taking into consideration any estimated changes in such data.

4. Section 54.711 is amended to read as follows:

**§ 54.711 Contributor reporting requirements.**

(a) Contributions shall be calculated and filed in accordance with the Telecommunications Reporting Worksheet which shall be published in the Federal Register. The Chief of the Common Carrier Bureau shall have the authority to adopt future changes to the



Telecommunications Reporting Worksheet. The Telecommunications Reporting Worksheet sets forth information that the contributor must submit to the Administrator on a semi-annual basis. The Commission shall announce by Public Notice published in the Federal Register and on its website the manner of payment and dates by which payments must be made. An officer of the contributor must certify to the truth and accuracy of the Telecommunications Reporting Worksheet, and the Commission or the Administrator may verify any information contained in the Telecommunications Reporting Worksheet at the discretion of the Commission. Inaccurate or untruthful information contained in the Telecommunications Reporting Worksheet may lead to prosecution under the criminal provisions of Title 18 of the United States Code. The Administrator shall advise the Commission of any enforcement issues that arise and provide any suggested response.

(b) The Commission shall have access to all data reported to the Administrator, Rural Health Care Corporation, and Schools and Libraries Corporation. Contributors may make requests for Commission nondisclosure of company-specific information under § 0.459 of this chapter at the time that the subject data are submitted to the Administrator. The Commission shall make all decisions regarding nondisclosure of company-specific information. The Administrator, Rural Health Care Corporation, and Schools and Libraries Corporation shall keep confidential all data obtained from contributors, shall not use such data except for purposes of administering the universal service support programs, and shall not disclose such data in company-specific form unless directed to do so by the Commission. The Chief of the Common Carrier Bureau may approve arrangements between the Administrator and administrators of other programs established pursuant to FCC rules to permit sharing of information on contributors in order to gain administrative efficiencies or validate contributor information.

5. Section 54.713 is amended to read as follows:

**§ 54.713 Contributors' failure to report or to contribute.**

A contributor that fails to file a Telecommunications Reporting Worksheet and subsequently is billed by the Administrator shall pay the amount for which it is billed. The Administrator may bill a contributor a separate assessment for reasonable costs incurred because of that contributor's filing of an untruthful or inaccurate Telecommunications Reporting Worksheet, failure to file the Telecommunications Reporting Worksheet, or late payment of contributions. Failure to file the Telecommunications Reporting Worksheet or to submit required quarterly contributions may subject the contributor to the enforcement provisions of the Act and any other applicable law. The Administrator shall advise the Commission of any enforcement issues that arise and provide any suggested response. Once a contributor complies with the Telecommunications Reporting Worksheet filing requirements, the Administrator may refund any overpayments made by the contributor, less any fees, interest, or costs.

\* \* \* \* \*

---

**PART 64 - MISCELLANEOUS RULES RELATING TO COMMON CARRIERS**

Part 64 of Title 47 of the Code of Federal Regulations (C.F.R) is amended as follows:

1. The authority citation for Part 64 continues to read as follows:

AUTHORITY: 47 U.S.C. 154, 254(k); secs. 403(b)(2), (c), Public Law 104-104, 110 Stat. 56, Interpret or apply 47 U.S.C. secs. 201, 218, 226, 228, and 254(k) unless otherwise noted.

2. Section 64.604(c)(4)(iii) of the Commission's rules is amended to read as follows:

**§ 64.604 Mandatory Minimum Standards**

(a) \* \* \*

(b) \* \* \*

(c) Functional standards--

(i) \* \* \*

(iii) \* \* \*

(iii) Telecommunications Relay Services Fund.

(1) \*\*\*

(2) \*\*\*

(3) \*\*\*

(4) Jurisdictional Separation of Costs

(A) Contributions. Every carrier providing interstate telecommunications services shall contribute to the TRS Fund on the basis of its relative share of interstate end-user telecommunications revenues as described herein. Contributions shall be made by all carriers who provide interstate services, including, but not limited to, cellular telephone and paging, mobile radio, operator services, personal communications service (PCS), access (including subscriber line charges), alternative access and special access, packet-switched, WATS, 800, 900, message telephone service (MTS), private line, telex, telegraph, video, satellite, intraLATA, international and resale services.

(B) Contribution computations. Contributors' contribution to the TRS fund shall be the product of their subject revenues for the prior calendar year and a contribution factor determined annually by the Commission. The contribution factor shall be based on the ratio between expected TRS Fund expenses to expected interstate end-user telecommunications revenues. In the event that contributions exceed TRS payments and administrative costs, the contribution factor for the following year will be adjusted by an appropriate amount, taking into consideration projected cost and usage changes. In the event that contributions are inadequate, the fund administrator may request authority from the Commission to borrow funds commercially, with such debt secured by future years contributions. Contributions for subject carriers are based on end-user telecommunications revenues times the contribution factor. Service providers whose annual contributions total less than \$1,200 must pay the entire contribution at the beginning of the contribution period. Service providers whose contributions total \$1,200 or more may divide their contributions into equal monthly payments. Contributions shall be calculated and filed in accordance with a "Telecommunications Reporting Worksheet," which shall be published in the Federal Register. The Chief of the Common Carrier Bureau shall have the authority to adopt future changes to the Telecommunications Reporting Worksheet. The worksheet sets forth information that must be provided by the contributor, the formula for computing the contribution, the manner of payment, and due dates for payments. The worksheet shall be certified to by an officer of the contributor, and subject to verification by the Commission or the administrator at the discretion of the Commission. Contributors' statements in the worksheet shall be subject to the provisions of section 220 of the Communications Act of 1934, as amended. The fund administrator may bill contributors a separate assessment for reasonable administrative expenses and interest resulting from improper filing or overdue contributions.

(C) \* \* \*

(D) \* \* \*

(E) \* \* \*

(F) \* \* \*

(G) \* \* \*

(H) \* \* \*

(I) Information filed with the administrator. The administrator shall keep all data obtained from contributors and TRS providers confidential and shall not disclose such data in company-specific form unless directed to do so by the Commission. The administrator shall not use such data except for purposes of administering the TRS Fund, calculating the regulatory fees of interstate common carriers, and aggregating such fee payments for submission to the Commission, and as describe below in this paragraph. The Chief of the Common Carrier Bureau may approve arrangements between the TRS Fund

administrator and administrators of the universal service support mechanism (See 47 C.F.R. Sec. 54.701), the North American Numbering Plan administration cost recovery (See 47 C.F.R. Sec. 52.16), and the long-term local number portability cost recovery (See 47 C.F.R. Sec. 52.32) to permit sharing of information on contributors in order to gain administrative efficiencies or validate contributor data. The Commission shall have access to all data reported to the administrator, and authority to audit TRS providers.

\* \* \* \* \*

**APPENDIX B**

**PROPOSED TELECOMMUNICATIONS REPORTING WORKSHEET**

**AND INSTRUCTIONS**

**1999 FCC Form 499 Telecommunications Reporting Worksheet**

>>> Please read instructions before completing. <<<

Approval by OMB  
3060-\_\_\_\_\_  
Expires \_\_/\_\_/\_\_

<b>Block 1: Contributor Identification Information</b>		TRIS Company Code	
101 Legal name of reporting entity			
102 IRS employer identification number			
103 Name telecommunications service provider is doing business as			
104 Principal communications business (check the one that best describes the reporting entity -- see directions)			
<input type="checkbox"/> Shared Tenant Service Provider		<input type="checkbox"/> Pay Telephone Service Provider	
<input type="checkbox"/> Incumbent LEC <input type="checkbox"/> CAP/CLEC		<input type="checkbox"/> Local Reseller	
<input type="checkbox"/> Cellular/PCS/SMR (wireless telephony)		<input type="checkbox"/> Other Local <input type="checkbox"/> SMR (dispatch)	
<input type="checkbox"/> IXC <input type="checkbox"/> Toll Reseller		<input type="checkbox"/> Paging & Messaging <input type="checkbox"/> Wireless Data <input type="checkbox"/> Other Mobile	
<input type="checkbox"/> Satellite <input type="checkbox"/> Pre-paid Card		<input type="checkbox"/> Other Toll	
		If Other Local, Other Mobile or Other Toll is checked, describe carrier type below.	
105 Holding company [All affiliated companies should show same name here]			
106 Management company (if carrier is managed by another entity)			
107 Principal CIC code used for interexchange service			
108 Complete mailing address of reporting entity corporate headquarters			
109 Complete business address for customer inquiries and complaints (if different from address entered on Line 108)			
110 Telephone # for customer inquiries and complaints		( ) -	
111 Additional Names For Carrier Activities		g	
a		h	
b		i	
c		j	
d		k	
e		l	
f		m	

<b>Block 2: Contact Information</b>	
112 Name of contact person	
113 Telephone number of contact person ( ) -	
114 Fax number of contact person ( ) -	
115 E-mail of contact person	
116 Complete mailing address of contact: [Filing information and future Telecommunications Reporting Worksheets will be sent to this address.]	
117 Billing address: [Bills for payments to FCC funds will be sent to this address.]	
118 D.C. Agent for Service of Process per 47 U.S.C 413	
119 Telephone number of D.C. agent ( ) -	
120 Fax number of D.C. agent ( ) -	
121 E-mail of D.C. agent	
122 Complete business address of D.C. agent for hand service of documents	
123 Alternate Agent for Service of Process (optional)	
124 Telephone number of alternate agent ( ) -	
125 Fax number of alternate agent ( ) -	
126 E-mail of alternate agent	
127 Complete business address of alternate agent for hand service of documents	

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

Block 3: Contributor Revenue Information				TRS Company Code	
201	Legal Name of Reporting Entity (from Line 101)				
Filing Period	September 1 Filing:	April 1 [whole year]		Total Revenue	Percent Interstate & International
202	Data for January 1 through July 31 <input type="checkbox"/> of 1999	Filing: Data for January 1 through December 31 of 1998 <input type="checkbox"/>		(a)	(b)
					Interstate and International Revenue (c)
<b>Revenue from Service Provided to Resellers</b>					
Fixed local service					
203	Monthly service, local calling, connection charges, vertical features, and other local exchange service including PICC charges to IXC's				
a	Provided as unbundled network elements				
b	Provided under other arrangements				
204	Per minute charges for originating or terminating calls				
a	Provided under state or federal access tariff				
b	Provided as unbundled network elements or other contract arrangement				
205	Local private line & special access				
206	Pay telephone compensation from toll carriers				
207	Other local telecommunications service revenues				
208	Universal service support revenue received from Federal or State Sources				
Mobile service (including wireless telephony, paging & messaging, and other mobile services)					
209	Monthly, activation, and message charges except toll				
Toll service					
210	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)				
211	Other switched toll service (includes MTS, 800/888 service, etc.)				
212	Long distance private line services				
213	Satellite services				
214	All other long distance services				
<b>Revenue From All Other Sources (end-user telcom. &amp; non-telcom.)</b>					
215	Surcharges or other amounts on bills identified as recovering State or Federal Universal Service Contributions				
Fixed local service					
216	Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges				
217	Tariffed subscriber line charges and PICC charges to end users				
218	Local private line and special access service				
219	Pay telephone coin revenues				
220	Other local telecommunications service revenues				
Mobile service (including wireless telephony, paging & messaging, and other mobile services)					
221	Monthly and activation charges				
222	Message charges including roaming but excluding toll charges				
Toll service					
223	Pre-paid calling card (including card sales to customers and to retail establishments)				
224	International calls that both originate and terminate in foreign points				
225	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenue reported on line 224				
226	Ordinary Long Distance: Other switched toll service (includes MTS, customer toll free 800/888 service, etc.)				
227	Long distance private line services				
228	Satellite services				
229	All other long distance services				
230	Contribution Base (Lines 215 through 223 plus Lines 225 through 229)				
Other revenue that will not be included in the contribution base					
231	Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber and non-telecommunications service revenue				
232	Gross billed revenue from all sources (incl. reseller & non-telcom.)				

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

**1999 FCC Form 499 Telecommunications Reporting Worksheet**

301 Legal name of reporting entity (from Line 101)

**Block 4: Calculation of Number Portability Administration Contribution** TRS Company Code

**Do not complete Block 4 for September 1st filing or if Line 412 or 413 is checked in Block 7.**

302 Revenue from other contributors (total column (a) for Lines 203 through 214 and Line 224) \$  
 303 Total Contribution Base (end-user telecommunications) Revenue (enter amount from Line 230 (a)) \$

Revenue breakout by region of the United States			Percent of Revenue provided in region, rounded to nearest tenth of percent		Percentage in (b) times amount in Line 303 (c)
			Line 302 (a)	Line 303 (b)	
304	Southeast:	Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee and U.S. Virgin Islands	%	%	\$
305	Western:	Alaska, Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	%	%	\$
306	West Coast:	California, Hawaii, Nevada, American Samoa, Guam, Northern Mariana Islands, and Wake Island.	%	%	\$
307	Mid-Atlantic:	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia	%	%	\$
308	Mid-West:	Illinois, Indiana, Michigan, Ohio, Wisconsin	%	%	\$
309	Northeast:	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont	%	%	\$
310	Southwest:	Arkansas, Kansas, Missouri, Oklahoma, & Texas	%	%	\$
311	Total (percentages must add to 0 or 100.0; dollars must add to Line 303)		%	%	\$

Number portability administration contribution calculation	Contribution Basis (a)	Factor for Region (b)	Basis times Factor (Round to next highest dollar)
			(c) = (a) X (b)
312 Southeast: Line 304 (c)		0.0000xx	\$
313 Western: Line 305 (c)		0.0000xx	\$
314 West Coast: Line 306 (c)		0.0000xx	\$
315 Mid-Atlantic: Line 307 (c)		0.0000xx	\$
316 Mid-West: Line 308 (c)		0.0000xx	\$
317 Northeast: Line 309 (c)		0.0000xx	\$
318 Southwest: Line 310 (c)		0.0000xx	\$
319 \$100 times the number of regions [Lines 304 through 310] where the reporting entity has revenue from other contributors but not from end users. See directions.			\$
320 Contribution for Local Number Portability Administration: Enter Sum of Lines 312(c) through 319(c)			\$

**Block 5: Calculation of TRS Contributions**

**Do not complete Block 5 for September 1 filing or if Line 411, 413 or 414 is checked in Block 7**

321 Interstate Contribution Base (end-user telecommunications) Revenue [enter amount from Line 230 (c)] \$  
 322 TRS Contribution Factor .000xxx  
 323 Contribution for TRS: Line 321 times Line 322 rounded to the next highest dollar. Carriers with no end-user telecommunications revenues are not obligated to contribute to the TRS fund. \$

**Block 6: Calculation of NANPA Contributions**

**Do not complete Block 6 for September 1 filing or if Line 412 or 413 is checked in Block 7**

324 Total Non-Contribution Base Telecom. Revenue (total column (a) for Lines 203 through 214 and Line 224) \$  
 325 Total Contribution Base (end-user telecommunications) Revenue (enter amount from Line 230 (a)) \$  
 326 NANPA Contribution Factor .0000xx  
 327 Contribution for NANPA: If Line 324 is greater than \$0 and Line 325 equals \$0, enter \$100 Otherwise enter Line 325 times Line 326 rounded to the next highest dollar \$

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001



**Block 7: CERTIFICATION: to signed by an officer of the filer** TRS Company Code

401 Legal name of reporting entity (from Line 101)	
402 Carriers may, if they wish, use this filing to comply with the filing requirements of Section Commission's rules. Check one of the following boxes. I certify that the carrier will research and comply with <input type="checkbox"/> I certify that the total toll revenues reported in Block 3 may be used by the FCC in lieu of a separate filing and that the carrier makes no claim of proprietary treatment for total toll revenues and gross plant. [Total toll revenues equals the sum of Lines 210(a) through 214(a) and 223(a) through 230(a)] If so, provide gross telecommunications plant as of Dec. 31 1999. \$	<input type="checkbox"/> <input type="checkbox"/> <input type="text"/>
403 Contribution for Number Portability Administration for 1999 from Line 320	\$
404 Contribution to be paid this month: [enter the amount from Line 403 if less than \$1200. Otherwise, the contributor may divide the amount on Line 403 by 12.0 to calculate equal monthly contributions Check here for monthly billing reminders <input type="checkbox"/>	\$
405 Contribution for TRS for 1999 from Line 323	\$
406 Contribution to be paid this month: [enter the amount from Line 405 if less than \$1200. Otherwise, the contributor may divide the amount on Line 405 by 12.0 to calculate equal monthly contributions Check here for monthly billing reminders <input type="checkbox"/>	\$
407 Contribution for NANPA for 1999 from Line 327	\$
408 Contribution to be paid this month: [enter the amount from Line 407 if less than \$1200. Otherwise, the contributor may divide the amount on Line 407 by 12.0 to calculate equal monthly contributions Check here for monthly billing reminders <input type="checkbox"/>	\$

NOTE: do not include a universal service contribution with this form. The universal service administrator will calculate and bill universal service contributions, as appropriate.

409 I certify that the reporting entity has made its services accessible to and usable by individuals with disabilities to the extent readily achievable.	<input type="checkbox"/>
410 I certify that the reporting entity is exempt from Universal Service Contribution requirements because neither it, nor any affiliate, provides any interstate service. [See Section II-A-4 of directions for information on 'intrastate only' and 'international only' services.]	<input type="checkbox"/>
411 I certify that the reporting entity is exempt from TRS contribution requirements because neither it, nor any affiliate, provides any interstate or international service. [See Section II-A-4 of directions for information on 'intrastate only' services.]	<input type="checkbox"/>
412 I certify that the reporting entity is exempt from number portability and NANPA contribution requirements because it derives all revenue from providing pay telephone service [See Section II-A of directions.]	<input type="checkbox"/>
413 I certify that the reporting entity is exempt from number portability, TRS and NANPA contribution requirements because it derives all revenue from providing shared tenant services on a non-carrier basis. [See Section II-A-3 of directions.]	<input type="checkbox"/>
414 I certify that the reporting entity is exempt from TRS contribution requirements because it derives all revenue from providing private carrier services. [See Section II-A-3 of directions.]	<input type="checkbox"/>
415 I certify that the revenue data contained herein is privileged and confidential and that public disclosure of such information, except to the limited extent authorized on Line 402, would likely cause substantial harm to the competitive position of the company.	<input type="checkbox"/>

I certify that I am an officer of the above-named reporting entity, that I have examined the foregoing report and to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true and that said Worksheet is an accurate statement of the affairs of the above-named company for the previous calendar year.

416 Signature	
417 Printed name of officer	
418 Position with reporting entity	
419 Date	
420 This filing is:	<input type="checkbox"/> Original filing <input type="checkbox"/> Revised filing

Mail checks to: XXXX Collections P.O. Box 3600XX Pittsburgh, PA 15251-6090. For additional information call XXXX 973-XXX-XXXX  
Mail worksheet and photocopy of checks to appropriate Fund Administrator. See directions.

## **Telecommunications Reporting Worksheet, FCC Form 499**

### **Instructions for Completing the Worksheet for Filing Contributions to Telecommunications Relay Service, Universal Service, Number Administration, and Local Number Portability Support Mechanisms**

\* \* \* \* \*

**NOTICE TO INDIVIDUALS:** Sections 54.703, 54.711, and 54.713 of the Federal Communications Commission's rules require all telecommunications carriers providing interstate telecommunications services, providers of interstate telecommunications that offer interstate telecommunications for a fee on a non-common carrier basis, and payphone providers that are aggregators to contribute to universal service and file this Telecommunications Reporting Worksheet (FCC Form 499) twice a year. 47 C.F.R. §§ 54.703, 54.711, 54.713. Section 52.17 provides that all telecommunications carriers in the United States shall contribute on a competitively neutral basis to meet the costs of establishing numbering administration, and directs that contributions shall be calculated and filed in accordance with this worksheet. 47 C.F.R. § 52.17. Section 52.32 provides that the local number portability administrators shall recover the shared costs of long-term number portability from all telecommunications carriers. 47 C.F.R. § 52.32. Section 64.604 requires that every carrier providing interstate telecommunications services shall contribute to the Telecommunications Relay Services (TRS) Fund on the basis of its relative share of interstate end-user telecommunications revenues, with the calculation based on information provided in this worksheet. 47 C.F.R. § 64.604(c)(iii)(4).

This collection of information stems from the Commission's authority under Sections 225, 251, and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 225, 251, and 254. The data in the Worksheet will be used to calculate contributions to the universal service support mechanisms, the telecommunications relay services support mechanism, the cost recovery mechanism for numbering administration, and the cost recovery mechanism for shared costs of long-term number portability. Selected information provided in the Worksheet will be made available to the public in a manner consistent with the Commission's rules.

We have estimated that each response to this collection of information will take, on average, 6 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PER, Washington, D.C. 20554, Paperwork Reduction Project (3060-XXXX). We also will accept your comments via the Internet if you send them to [jboley@fcc.gov](mailto:jboley@fcc.gov). Please **DO NOT SEND COMPLETED WORKSHEETS TO THIS ADDRESS.**

Remember -- You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-XXXX.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. We will use the information that you provide to determine contribution amounts. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule, or order, your Worksheet may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your Worksheet may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission; or (b) any employee of the Commission; or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

If you owe a past due debt to the federal government, the taxpayer identification number (such as your social security number) and other information you provide also may be disclosed to the Department of the Treasury Financial Management Service, other federal agencies, and/or your employer to offset your salary, IRS tax refund, or other payments to collect that debt. The Commission also may provide this information to those agencies through the matching of computer records where authorized.

With the exception of your social security number, if you do not provide the information we request on the Worksheet, the Commission may consider you in violation of sections 1.47, 52.17, 52.32, 54.713, and 64.604 of the Commission's rules. 47 C.F.R. §§ 1.47, 52.17, 52.32, 54.713, and 64.604.

The foregoing Notice is required by the Privacy Act of 1974, P.L. 93-579, December 31, 1974, 5 U.S.C. § 552(a)(e)(3), and the Paperwork Reduction Act of 1995, P.L. No. 104-13, 44 U.S.C. § 3501, *et seq.*

\* \* \* \* \*

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## I. Introduction.

All carriers, all pay telephone providers and shared tenant service providers that either offer carrier services or that are larger than the universal service *de minimis* threshold must file this worksheet.

Telecommunications service providers must contribute to several support and cost recovery mechanisms established by the FCC. 47 C.F.R. § 52.17 mandates that all telecommunications carriers contribute to meet the costs of administering the North American Numbering Plan (NANP). 47 C.F.R §§ 54.705, 54.707, 54.709, 54.711, and 54.713 require most telecommunications service providers to contribute to the universal service support mechanisms. 47 C.F.R. § 52.32 mandates that shared costs of long-term local number portability administration (LNPA) in a region shall be recovered from carriers providing telecommunications service in that region. 47 C.F.R. § 64.604 requires that all carriers providing interstate telecommunications services contribute to the provision of interstate Telecommunications Relay Service (TRS). The NANPA and LNPA rules implement section 251(e)(2) of the Communications Act which states that the cost of establishing telecommunications numbering administration arrangements and number portability shall be born by all telecommunications carriers on a competitively neutral basis. The universal service rules implement section 254(d) of the Communications Act and the TRS rules implement section 225(d)(3)(B) of the Communications Act.

In general, contributions shall be calculated based on end-user telecommunications revenue information filed in accordance with a Telecommunications Reporting Worksheet, to be adopted by the Chief of the Common Carrier Bureau and published in the Federal Register. The worksheet sets forth information that must be provided by the contributor, the formula for computing TRS, NANPA and LNPA contributions, the manner of payment, and due dates for payments. The worksheet shall be certified to by an officer of the contributor and be subject to verification by the Commission or the various program administrators.

This filing also satisfies carrier obligations under 47 C.F.R. § 1.47 to designate an agent in the District of Columbia for service of process. In addition, certain carriers can use this filing to satisfy requirements under 47 C.F.R. § 43.21(c) to file certain revenue and plant investment information.

## II. Filing Requirements and General Instructions

### A. Who must file

All providers of telecommunications services within the United States, with very limited exceptions, must file an FCC Form 499 Telecommunications Reporting Worksheet. For this purpose, the United States is defined as the contiguous United States, Alaska, Hawaii, American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Island, Navassa Island, the Northern Mariana Islands, Palmyra, Puerto Rico, the U.S. Virgin Islands, and Wake Island. Telecommunication service providers must file if they provide service in any of these points.

The term "telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the

information as sent and received. For the purpose of filing, the term "telecommunications" includes, but is not limited to, the following types of services: cellular telephone and paging services; mobile radio services; operator services; personal communications services (PCS); access to interexchange service; special access; wide area telecommunications services (WATS); toll-free services; 900 services; message telephone services (MTS); private line; telex; telegraph; video services; satellite services; and resale services. Note that these categories are technology neutral, meaning that all providers of MTS, for example, must file, regardless of whether their underlying networks rely on circuit switching or packet switching techniques.

Entities must file the worksheet and may be required to contribute for one or more purposes if they offer interstate telecommunications services for a fee to the public even if only a narrow or limited class of users could utilize the services. Included are entities that provide interstate telecommunications services to entities other than themselves for a fee on a private, contractual basis.

All telecommunications carriers must file the April 1 Telecommunications Reporting Worksheet because all must contribute to the support or cost recovery mechanisms for one or more of the following: federal universal service; long-term local number portability administration; the TRS Fund; or the NANP administration. Shared tenant service and pay telephone providers are also considered to be interstate services providers and are required to file. Figure 1 summarizes which telecommunications providers must file because of which purposes.

Figure 1: Which telecommunications service providers must contribute for which purposes.

Filing required	Universal Service	TRS	NANPA	Number Portability
	April 1 and September 1	April 1		
<i>De minimis</i> shared tenant services providers that have no common carrier revenue				
Other shared tenant services providers that have no common carrier revenue (See Section II-A-3)	X			
<i>De minimis</i> private carriers			X	X
Other private carriers (See Section II-A-3)	X		X	X
Telecommunications carriers that provide services only to other reporting carriers or that provide international-to-international services only			X	X
Telecommunications carriers that provide intrastate service only (See Section II-A-4)			X	X
Satellite carriers	X	X	X	X
Telecommunications carriers that provide international service only (See Section II-A-4)		X	X	X
<i>De minimis</i> pay telephone aggregators that do not also have common carrier revenue		X		
Other pay telephone aggregators that do not also have common carrier revenue	X	X		
<i>De minimis</i> interstate telecommunications carriers (See Section II-A-2)		X	X	X
All other telecommunications carriers	X	X	X	X

1. Filing by legal entity

**EACH LEGAL ENTITY that provides interstate telecommunications service for a fee, including each affiliate or subsidiary of an entity, must complete and file separately a copy of the attached Telecommunications Reporting Worksheet.** Entities may not file summary reports for more than one telecommunications service provider. Entities that have distinct articles of incorporation are separate legal entities. Entities may not file separately for different operating divisions even if these divisions separately bill for service. Each affiliate or subsidiary should identify their ultimate controlling parent or entity on Block 1 Line 105 -- Holding Company.

2. Contributors that would be *de minimis* for Federal universal service filing purposes

Common carriers need not file a September 1 Telecommunications Reporting Worksheet if their contributions would be *de minimis* for universal service filing purposes. Private carriers and shared tenant service providers need not file either a September 1 or a April 1 Telecommunications Reporting Worksheet if their contributions would be *de minimis*. Common carriers and pay telephone providers that would be *de minimis* for universal service filing purposes must make the April 1 filing for other purposes.

**Small common carriers and small pay telephone providers should complete the table contained in Figure 2 to determine whether they meet the *de minimis* standard and need not file the Telecommunications Reporting Worksheet on September 1. Small shared tenant service providers and small private carriers should complete the table in Figure 2 to determine whether they meet the *de minimis* standard and need not file the worksheet on either September 1 or April 1.** To complete Figure 2, potential filers must first complete block 3 of the Telecommunications Reporting Worksheet and enter the amounts from Line 230 in Figure 2. Telecommunications providers whose estimated universal service contribution would be less than \$10,000 will not be required to make universal service contributions, regardless of whether or not they are required to file a Telecommunications Reporting Worksheet for other purposes.

This calculation must be made every six months. Telecommunications providers that do not file because they are *de minimis* should retain Figure 2 and documentation of their contribution base revenues for 3 calendar years after the date each worksheet is due. **If a reseller qualifies for the *de minimis* exemption, it must notify its underlying carriers that it is not contributing directly to universal service and must be considered an end-user by that carrier for universal service contribution purposes.**



Figure 2: Table to determine if a contributor meets the *de minimis* standard for purposes of universal service

		Total intrastate, interstate and international contribution base (a)	Interstate and international contribution base (b)
A	Amount from Block 3, Line 230		
B	Enter .5 if September 1 filing or .25 if April 1 filing		
C	Revenue stated on a quarterly basis (Line A times Line B)		
D	Estimated quarterly payment factor for the purposes of meeting the <i>de minimis</i> threshold	.015	.031
E	Estimated quarterly contribution (Line C times Line D)		
F	Total quarterly contribution (Line E-1 plus Line E-2)		
G	Annualizing factor		4
H	Estimated annual contribution for universal service support (Line F times Line G)		

### 3. Private Carriers and Shared Tenant Service Providers

Subject private carriers include entities that provide interstate telecommunications to entities other than themselves for a fee on a private, contractual basis. Shared tenant service providers that operate exclusively as aggregators and not as carriers are subject to reporting only if they pass the *de minimis* threshold for universal service contribution purposes. Such entities need not contribute to local number portability, TRS or NANPA. Shared tenant service providers that have carrier revenue, however are subject to the local number portability and NANPA contribution requirements. Shared tenant service providers that also provide common carrier services are subject to the local number portability, TRS and NANPA contribution requirements.

Several categories of private carriers and shared tenant service providers, however, are exempt from universal service filing requirements even if they exceed the *de minimis* threshold. Entities that provide services only to themselves or to commonly owned affiliates need not file.

Government entities that purchase telecommunications services in bulk on behalf of themselves, e.g., state networks for schools and libraries, are not required to file. Public safety and local governmental entities licensed under Subpart B of Part 90 of the Commission's rules are not required to contribute. Systems integrators (entities in the business of integrating customers' computer and other informational systems) are exempt if they provide telecommunications services exclusively on a resale basis and if telecommunications services constitute less than five percent of revenues derived from providing systems integration services. Broadcasters, including ITFS licensees, that engage in non-common carrier interstate telecommunications are not required to contribute directly to universal service. In addition, non-profit schools, non-profit libraries, non-profit colleges, non-profit universities, and non-profit health care providers are exempt from filing if they operate as a private carrier or shared tenant service provider.

A non-common carrier entity that provides interstate telecommunications exclusively to public safety or government entities and does not offer services to others need not file for universal service purposes. If operating as a common carrier, however, such an entity would file for other funding purposes.

Exempt private carriers and shared tenant services providers will be treated as end-users by underlying carriers. Underlying carriers should report revenues derived from the provision of telecommunications to exempt common carriers, private carriers, pay telephone providers and shared tenant service providers in Lines 215-231 of the Telecommunications Reporting Worksheet, as appropriate. Underlying carriers will have to contribute on the basis of this revenue and may choose to pass on contributed amounts to end-users including exempt telecommunications service providers.

#### 4. Definition of International Only and Intrastate Only Service Providers

The term "interstate telecommunications" covers any communications or transmission from any State, Territory or possession of the United States to any other State, Territory or possession regardless of whether the transmission passes through a foreign point. Entities are subject to the universal service contribution requirement if they offer interstate telecommunications for a fee to the public even if only a narrow or limited class of users could utilize the services. Common carrier paging systems, for example, would provide interstate service if they allow customers to receive pages from out of state. This would be the case either if the pager coverage area included more than one state OR if the paging system could terminate messages that arrived from out of state via the public switched network. Pay telephone providers, sometimes referred to as "pay telephone aggregators," provide access to the interstate public switched network and also are considered to be interstate service providers. **Entities are 'intrastate only' or 'international only' if neither it, nor any affiliate, offers any interstate service.**

5. Designation of Agent for Service of Process

47 U.S.C. 413 states that

It shall be the duty of every carrier subject to this Act to designate in writing an agent in the District of Columbia, upon whom service of all notices and process and all orders, decisions, and requirements of the Commission may be made for and on behalf of said carrier in any proceeding or suite pending before the Commission, and to file such designation in the office of the secretary of the Commission ...

47 C.F.R. § 1.47(h) of the Commission's requires that in designating an agent for service of process, the carrier must provide both the carrier and its designated agents, a name, business address, telephone or voicemail number, facsimile number, and, if available, Internet e-mail address. The carrier shall additionally list any other names by which it is known or under which it does business, and, if the carrier is an affiliated company, the parent, holding, or management company. Carriers provide this "designation" information by filing Block 1 and Block 2 of the Form 499 Telecommunications Reporting Worksheet.

Within one week of offering service to the public, new carriers must complete the first page of the Telecommunications Reporting Worksheet and file this page with the Formal Complaints and Investigations Branch of the Common Carrier Bureau. Carriers must notify the Commission within one week of any changes in their designation information completing the first page of the Telecommunications Reporting Worksheet and filing this page with the Formal Complaints and Investigations Branch of the Common Carrier Bureau.

A paper copy of this designation list will be maintained in the Office of the Secretary of the Commission and this information will be made available to the public. 47 C.F.R. § 1.721(a)(h) requires that parties with complaints against carriers make a good faith effort to resolve complaints against carriers before filing formal complaints against them. Complainants can demonstrate that they have contacted the carrier by sending a certified letter to the address provided on Line (109) outlining the allegations that form the basis of the complaint.

B. When and Where to File

Figure 3 provides the filing schedule and relevant addresses. Figure 4 provides addresses for mailing checks for LNPA, TRS and NANPA contributions. If April 1 or September 1 is a non business day, worksheets are due the preceding Friday.

Figure 3: Filing Schedule

When to file	What to file	Where to file **
April 1, 1999	<ul style="list-style-type: none"> <li>- Completed Worksheet</li> <li>- photocopies of check(s) where reporting entity is required to make a LNPA, TRS or NANPA contribution</li> </ul>	Telecommunications Reporting Worksheet Address to be determined Fax:  [Optional electronic filing when available -- use directions with package]
September 1, 1999*	<ul style="list-style-type: none"> <li>- Completed Worksheet</li> </ul>	Telecommunications Reporting Worksheet Address to be determined Fax: 973-884-8469  [Optional electronic filing when available -- use directions with package]
New carriers within one week of first providing service	<ul style="list-style-type: none"> <li>- Completed Page 1 of worksheet</li> </ul>	Chief, Formal Complaints and Investigations Branch Common Carrier Bureau Mail Stop 1600 A2, N.W. Washington D.C. 20554
Within one week when there is a change in identification or contact information on Page 1	<ul style="list-style-type: none"> <li>- Completed Page 1 of worksheet</li> </ul>	Chief, Formal Complaints and Investigations Branch Common Carrier Bureau Mail Stop 1600 A2, N.W. Washington D.C. 20554
<p>* Contributors are not required to make a September 1 filing if they are <i>de minimis</i> for universal service purposes or if they exclusively provide either international services or intrastate services only.</p> <p>** Do not send a universal service contribution with this filing or to any of these addresses. The universal service administrator will bill telecommunications providers for universal service contributions.</p>		

Figure 4: Where to send checks

April 1 filing only ***	
Lockheed LNPA P.O. Box XXXX [to be announced]	Amount from Line (404) [Only carriers must contribute to the administration of local number portability.]
NECA -TRS P.O. Box 360090 Pittsburgh, PA 15251-6090	Amount from Line (406) [Filers with no end-user revenues do not need to contribute to the TRS Fund.]
NBANC P.O. Box 371008 Pittsburgh, PA 15251-7008	Amount from Line (408) [Only carriers must contribute to the administration of the North American Numbering Plan.]
<p>* Check(s) must be received by April 1, 1999. Where contribution requirements exceed \$1200 and contributors have elected to make equal monthly payments, subsequent payments must be received by the first of each month, May 1999 through March 2000. Contributors are encouraged to contact the universal service, local number portability, TRS, and NANP administrators to make arrangements for Electronic Funds Transfer.</p> <p>** Do not send a universal service contribution with this filing or to any of these addresses. The universal service administrator will bill contributors for universal service contributions.</p>	

If you have questions regarding how to complete the Worksheet, you may contact

Universal Service Administration	(973) 560-4400.
TRS Administration	(973) 418-0948
NANPA Billing and Collection Agent	(973) 884-8542
Local Number Portability Administrators TTY (Network Services Division)	(202) 418-0484

C. Rounding of Numbers

All information provided in the Worksheet, except the signature, should be neatly printed in ink or typed. Reported revenues in block 4, column (a) and column (c) that are greater than a thousand dollars may be rounded to the nearest thousand dollars. Regardless of rounding, **all dollar amounts must be reported in whole dollars**. For example, \$2,271,881.93 could be reported as \$2,271,882 or as \$2,272,000, but could not be reported as \$2272 thousand or \$2.272 million or \$2,270,000. Please enter \$0 in any line for which the contributor had no revenues for the year.

**Percentages reported in block 3, column (b) should be rounded to the nearest whole percent.** For example, if the exact amount of interstate revenues for a line is not known, but the filer estimates that the ratio of interstate to total revenue was .425, then the figure 43% should be reported. Percentages between zero percent and one percent should be reported as one percent. Please enter zero dollars in column (c) if there were no interstate revenues for the line for the reporting period.

Gross revenues reported in the Telecommunications Reporting Worksheet must be taken directly from corporate books of account. The interstate and international portion of any revenue category should be taken directly from corporate books of account or subsidiary records if available. Otherwise, interstate revenues should be calculated as gross revenues in column (a) times the percentage shown in column (b). Calculated interstate revenues greater than a thousand dollars may be rounded to the nearest thousand dollar and entered in column (c). If an entity cannot derive the interstate and international revenues from corporate books of account, that entity may submit a good faith estimate of the percentage of interstate and international revenues in column (b). An reporting entity may not submit a good faith estimate lower than one percent.

D. Compliance

Contributors failing to file the Telecommunications Reporting Worksheet or to pay contributions in a timely fashion may be subject to the enforcement provisions of the Communications Act and any other applicable law. In addition, the Commission's rules authorizes the Universal Service Administrator, the TRS administrator, the NANPA Billing and Collection Agent and the LNPAs to bill a contributor for reasonable costs, including interest and administrative costs that are caused by inaccurate or untruthful filing of the Worksheet or overdue contributions.<sup>1</sup>

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<sup>1</sup> See 47 C.F.R. § 52.17(b) (NANPA); 47 C.F.R § 54.713 (universal service); 47 C.F.R. § 52.33(c) (LNPAs); 47 C.F.R § 64.604(c)(iii)(B) (TRS).

### III. Specific Instructions

#### A. Block 1: Contributor Identification Information

Block 1 of the Telecommunications Reporting Worksheet requires identification information. Contributors are directed to provide their Telecommunications Relay Service (TRS) Company Code, which is an identification number assigned by the TRS Fund Administrator. The current TRS Fund Administrator, the National Exchange Carrier Association (NECA), can be contacted at 973-884-8173. Carriers and their TRS Company Codes are published in the annual FCC report *Carrier Locator: Interstate Service Providers*, which is available on the Commission's "FCC-State Link," web site. Most companies that must contribute to the universal service, NANPA and LNPA support mechanisms also must contribute to the TRS Fund. Intrastate only carriers, shared tenant service and private service providers that file for other purposes but not for TRS purposes will be assigned a TRS Company Code. Carriers that have not previously filed a TRS Fund worksheet or a Telecommunications Reporting Worksheet should enter "NEW FILER" in the space provided for the TRS Company Code. This code should be entered at the top of each page on the paper version of the worksheet, the cover letter, and on supporting documentation, if any.

Line (101) -- enter the legal name of the contributor as it appears on articles of incorporation or other legal documents. **EACH LEGAL ENTITY MUST FILE A SEPARATE WORKSHEET.**

Line (102) -- provide the Internal Revenue Service (IRS) employer identification number (EIN) for the contributor and the TRS Company Code. If the contributor has more than one EIN, it should include the number used to file federal excise taxes.

Line (103) -- provide the principal name under which the company conducts telecommunications activities. This would typically be the name that appears on customer bills, or the name used when service representatives answer customer inquiries.

Line (104) -- mark the box that best describes the principal telecommunications activity of the filer. Use the following categories:

- |  |   |
|--|---|
| CAP/CLEC                                 | (Competitive Access Provider/Competitive Local Exchange Carrier)<br>-- competes with incumbent LECs to provide local exchange services or telecommunications services that link customers with interexchange facilities, local exchange networks, or other customers. |
| Cellular/PCS/SMR<br>(wireless telephony) | (Cellular, Personal Communications Service, and Specialized Mobile Radio service provider)  |

	-- primarily provides wireless telecommunications services (wireless telephony). This category includes the provision of wireless telephony by resale. An SMR provider would select this category if it primarily provides wireless telephony rather than dispatch or other mobile services.
Incumbent LEC	-- provides local exchange service. An incumbent local exchange carrier (LEC) generally is a carrier that was at one time franchised as a monopoly service provider. See 47 U.S.C. § 251(h).
IXC	(Interexchange Carrier) -- provides long distance telecommunications services substantially through switches or circuits that it owns or leases.
Local reseller	-- provides local exchange or fixed telecommunications services by reselling services of other carriers.
OSP	(Operator Service Provider) -- companies other than incumbent LECs that serve customers needing the assistance of an operator to complete calls, or needing alternate billing arrangements.
Paging and Messaging	-- provides wireless paging or wireless messaging services. This category includes the provision of paging and messaging services by resale.
Payphone Service Provider	-- provides customers access to telephone networks through pay telephone equipment, special teleconference rooms, etc. Payphone service providers also are referred to as pay telephone aggregators.
Pre-paid Card	-- provides pre-paid calling card services by selling pre-paid calling cards to the public or to retailers. Pre-paid card providers typically resell the toll service of other carriers and determine the price of the service by setting the price of the card and controlling the number of minutes that the card can be used for.
Private Service Provider	-- offers telecommunications to others for a fee. This would include a company that offers excess capacity on a



private system that is used primarily for internal purposes. (Excludes broadcasters and systems integrators that derive less than five percent of their systems integration revenues from the resale of telecommunications.)

Satellite -- provides satellite space segment or earth stations that are used for telecommunications service.

Shared Tenant Service Provider -- manages or owns a multi-tenant location that provides telecommunications services or facilities to the tenants for a fee. (Excludes non-profit schools, non-profit libraries, non-profit colleges, non-profit universities, and non-profit health care providers.)

SMR (dispatch) (Specialized Mobile Radio service provider)  
-- primarily provides dispatch services and mobile services other than wireless telephony. While dispatch services may include interconnection with the public switched network, this category does not include carriers that primarily offer wireless telephony.

Toll Reseller -- provides long distance telecommunications services primarily by reselling the long distance telecommunications services of other carriers.

Wireless Data -- provides mobile or fixed wireless data services using wireless technology. This category includes the provision of wireless data services by resale.

The worksheet also provides boxes for "Other Local," "Other Mobile," and "Other Toll." If one of these categories is checked, the contributor should further describe the nature of the service it provides.

Line (105) -- provide the name of the contributor's holding company or controlling entity, if any. The holding company need not be a common carrier. **All reporting affiliates or commonly controlled contributors should have the same name appearing in Line (105).** An affiliate is a "person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person."<sup>2</sup>

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<sup>2</sup> 47 U.S.C. § 153(1).

Line (106) -- provide the name of the management company, if the contributor is managed by an entity other than itself. If the reporting entity and one or more other contributors is commonly managed, then each should show the same management company on Line (6). Contributors need not be affiliated to have a common management company. The management company would typically be the point of contact for the Universal Service Administrator.

Line (107) -- provide the principal carrier identification code (CIC) used by the carrier for the provision of interexchange services, if any. All carriers that purchase feature group B or feature group D access services have one or more CICs. CICs are administered by the North American Numbering Plan Administrator, which can be reached at 732-699-3700.

Line (109) -- provide a business address of the reporting entity that could be used either for customer inquiries or that parties could use to contact the carrier in order to resolve complaints. If this address is the same as the mailing address of the corporate headquarters, then enter "same" on this line.

Line (111) -- provide all names that the reporting entity used during the reporting period or currently uses for providing telecommunications services. The worksheet provides space for 13 names in addition to the principal name for carrier activities contained on Line (103). Use an additional sheet if this is not sufficient. Enter all names by which the contributor would be known to customers, government bodies, creditors, the press, etc. This list also should include names of predecessor companies that would have filed a universal service, TRS, NANP or Telecommunications Reporting Worksheet. In such cases, include the prior TRS ID as part of the name. This information will be used by the administrators in instances where other information indicates that a non-filer might exist and also to ensure that entities are not billed improperly for predecessor companies that no longer exist.

#### B. Block 2: Contact Information

The contributor should identify a contact person who can provide clarifications, additional information, and, if necessary, who could serve as the first point of contact in the event that either the Commission or an administrator should choose to verify or audit information provided in the Telecommunications Reporting Worksheet.

Line (116) -- provide the complete mailing address of the contact person. A semi-annual filing package will be mailed to this address unless other arrangements are made. Failure to receive a Telecommunications Reporting Worksheet from an administrator or the FCC does not relieve the contributor from its obligation to file in a timely fashion.

Line (117) -- provide a name and billing address. Information on establishing electronic fund transfer and bills for universal service, TRS, NANPA or local number portability administration contributions will be sent to this address unless other arrangements are made.

The second part of Block 2 contains information on the contributor's agents for Service of Process. The D.C. Agent for Service of Process ("D.C. Agent") may be an establishment owned by the contributor, an affiliate, an unaffiliated company, or may be a person. The D.C. Agent must be physically located in the District of Columbia such that orders, decisions and requirements of the Commission or the administrators may be served upon the contributor by leaving a copy thereof with such designated agent during normal business hours at the agent's office or other location designated for receipt of service of process. In addition to providing the required information on the contributor's D.C. Agent, the contributor may elect to provide an alternate Agent for Service of Process located outside the District of Columbia. **A reporting entity must notify one of the administrators if it chooses to use a different D.C. Agent than the one shown in the most recent filing or if the contact information changes for its D.C. Agent.**

Line (122) -- provide the complete business address for the agent. This address must be available for hand service of documents during normal business hours.

### C. Block 3: Contributor Revenue Information

Enter the TRS Company Code at the top of Block 3 and copy the legal name of the reporting entity from Line (1) into Line (201). On Line (202) check the appropriate box to indicate whether the worksheet is being filed for September 1 (and contains data for January 1 through July 31) or whether the worksheet is being filed April 1, (and contains data for January 1 through December 31 of the prior calendar year). Lines (203) through (232) contain detailed revenue data.

#### 1. Column (a) - total revenue

The reporting entity must report gross revenues from all sources, including nonregulated and non-telecommunications services, on Line (232). Provide gross revenues for the filing period. For example, if the Worksheet is due by September 1, 1998, contributors should submit revenues billed during the calendar period January 1 through June 30, 1998. If the Worksheet is due by April 1, 1999, contributors should submit revenues billed during the calendar period January 1 through December 31, 1999. Where two contributors have merged prior to filing, the successor company should report total revenues for the reporting period for all predecessor operations. The two contributors, however, should continue to report separately if each maintains separate corporate identities and continues to operate. Gross revenues should include revenues derived from the provision of interstate, international, and intrastate telecommunications and

telecommunications services. Gross revenues consist of total revenues billed to customers during the filing period with no allowances for uncollectibles, settlements, or out-of-period adjustments. Gross billed revenues may be distinct from booked revenues. NECA pool companies should report the actual gross billed revenues (CABS Revenues) reported to the NECA pool and not settlement revenues received from the pool.

Gross revenues also should include any surcharges on communications services that are billed to the customer and either retained by the contributor or remitted to a non-government third party under contract. Gross revenues should exclude taxes and any surcharges that are not recorded on the company books as revenues but which instead are remitted to government bodies. **Surcharges levied by the reporting entity in order to recover universal service, TRS, NANPA, or local number portability contributions or costs are properly classified as end-user telecommunications revenues and should be reported as such.** Any charge included on the customer bill and represented to recover or collect contributions for universal service expenses must be shown separately on Line (215).

For international services, gross revenues consist of gross revenues billed by U.S. contributors with no allowances for settlement payments. International settlement receipts for foreign billed service should not be included. Gross revenues do not include services provided in foreign countries where the reporting entity is operating as a foreign carrier rather than as a U.S. carrier. Traffic that must be reported on carrier international traffic data and circuit reports pursuant to Sections 43.61, 43.82, and 63.15(b) of the Commission's rules must be reported as U.S. carrier services.

## 2. Explanation of revenue categories

Line (232) - Gross billed revenues from all sources should equal the sum of revenues by type of service reported on Lines (203) through (229) and Line (231). The Telecommunications Reporting Worksheet contains two broad types of service categories: revenue from other contributors; and revenue from all other sources (also termed end-user revenues for the purposes of calculating contributions).

Revenues from service provided to resellers that contribute directly to universal service will be excluded from the funding base for determining universal service, TRS, NANPA and LNPA contributions of the underlying contributor. For this purpose, a reseller is a telecommunications service provider that 1) incorporates purchased telecommunications services into its own offerings and 2) can reasonably be expected to contribute to support universal service based on revenues from those offerings. IXCs, for example, use local exchange carrier access services in providing switched toll services. The underlying local exchange carriers would report the access service revenues as "Revenues from Service Provided to Resellers" and those revenues would not be incorporated in determining their contribution base on Line (230).

Each contributor should have documented procedures to ensure that it reports as revenues from resellers only revenues from entities that reasonably would be expected to contribute to support universal service. The procedures should include but not be limited to maintaining the following information on resellers: legal name; address; name of a contact person; and phone number of the contact person. If the underlying contributor does not have other reason to know that the entity will, in fact, resell service, then the contributor should obtain a signed statement to that effect. "International only" and "intrastate only" carriers and carriers that meet the *de minimis* universal service threshold should not be treated as resellers for the purpose of reporting revenues because they are not required to contribute to universal service. A carrier will be considered a non-contributing "international only" or "intrastate only" carrier if neither it nor any of its affiliates provide any interstate telecommunications. Similarly, resellers that qualify for the *de minimis* exemption, broadcasters, systems integrators that derive less than five percent of their systems integration revenues from telecommunications, and non-profit schools, colleges, universities, libraries, and rural health care providers should be treated as end-users for reporting purposes because these entities are not required to contribute directly to federal universal service. Systems integrators and entities qualifying for the *de minimis* exemption must notify their underlying carrier that they should be considered end-users for reporting purposes.

Contributors are instructed to report revenues from other contributors in Lines (203) through (214). Contributors are instructed to report all other revenues in Lines (214) through (231). In many cases, the categories are duplicated in the two sections. Carriers required to use the Uniform System of Accounts (USOA) prescribed in Part 32 of the Commission's rules should base their response on their USOA account data and supplemental records dividing revenues into those received from other universal service contributors and end-user revenues. All contributors should report revenues based on the following descriptions.

#### Fixed local service revenue categories

Fixed local services connect a specific point to one or more other points. These services can be provided using either wireline or wireless technologies and can be used for either local exchange service, private communications, or access to toll services.

Line (203) and Line (216) -- Monthly service, local calling, connection charges, vertical features, and other local exchange services should include the basic local service revenues except for local private line revenues, access revenues, and revenues from providing mobile or cellular services. For carriers required to use the USOA, these lines should include Account 5001 -- Basic area revenue; Account 5002 -- Optional extended area revenue; Account 5050 -- Customer premises revenue; Account 5060 -- Other local exchange revenue; and Account 5069 -- Other local exchange revenue settlements. Line (203) also should include amounts in Account 5004 -- Other mobile services revenue -- that were derived from connecting with mobile service carriers. Revenues for services provided to carriers should be divided between Line (203a) -- provided as unbundled network elements and Line (203b) -- provided under tariffs or arrangements other than

unbundled network elements (for example, resale). Line (203a) should include Presubscribed Interexchange Carrier Charge (PICC) charges levied on carriers.

Line (217) -- Tariffed subscriber line and PICC charges should contain charges to end-users (other than for special access services) specified in access tariffs. Line (217) should include revenues in Account 5081 -- End-user revenue -- as well as the appropriate portion of revenues in Account 5084 -- State access revenue. Contributors that do not have subscriber line charge tariffs on file with the Commission or with a state utility commission should report \$0 on Line (217).

Line (204) -- Total revenues derived from per-minute charges for originating or terminating calls should include Account 5082 -- Switched access revenue -- and any revenues in Account 5084 -- State access revenue -- that were based on per-minute charges. This line also would include Account 5003 -- Cellular mobile revenue (revenues to the local exchange carrier for messages between a cellular customer and another station within the mobile service area). The line should include gross charges to other carriers for the origination or termination of non-toll traffic. Do not deduct or net payments to carriers for origination or termination of traffic on their networks. Revenues for originating and terminating minutes should be divided between Line (204a) -- provided as unbundled network elements or other contract arrangements and Line (204b) -- provided under state or federal access tariffs.

Line (205) and Line (218) -- Local private line and special access service should include revenues from providing local services that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths. These lines should include amounts recorded in Account 5040 -- Local private line revenue. These lines also should include Account 5083 -- Special access revenue -- and any intrastate special access revenues in Account 5084 -- State access revenue.

Line (206) and Line (219) -- Pay telephone compensation should include Account 5010 -- Pay telephone revenues. Line (206) should include revenues received from carriers as compensation for originating toll calls. Line (219) should include revenues received from customers paid directly to the payphone service provider. This primarily will consist of revenues from coin sent paid traffic.

Line (207) and Line (220) -- Other local telecommunications service revenues should include some revenues contained in Account 5200 -- Miscellaneous revenue -- as well as other local telecommunications service revenues that reasonably would not be included with one of the other local service revenue categories. Line (207) should include charges for physical collocation of equipment pursuant to 47 U.S.C. § 251(c)(6). Lines (207) and (220) should **exclude**: enhanced services; billing and collection; customer premises equipment sale, lease or insurance; published directory revenues; internet service provider charges and any non-telecommunications revenues.

Line (208) -- Universal service support revenues should include all amounts that contributors receive as universal service support from either states or the federal government. Line (27) should include as revenues Lifeline Assistance reimbursement for the waived portion of subscriber line or presubscribed interexchange carrier charges or credits for subsidized services provided to schools, libraries, and rural health care providers. Line (208) should include amounts received as cash as well as amounts received as credit against contribution obligations. Line (208) should not include any amounts charged to customers to recover universal service or similar contributions.

#### Mobile service

Mobile services are wireless communications between wireless equipment, such as cellular phones, and other points.

Line (209), Line (221), and Line (222) should contain mobile service revenues other than toll charges to mobile service customers and charges associated with customer premises equipment. A single category -- Line (209) -- is provided for all mobile service provided to resellers. Line (221) should contain monthly charges, activation fees, and service order processing charges, etc. Line (222) should contain message charges, including any roaming charges assessed for calls placed out of customers' home areas. Lines (221) and (222) should include amounts in Account 5004 -- Other mobile service revenue -- that were derived from providing service directly to the public. End-user pre-paid wireless service revenues attributable to activation and daily or monthly access charges should be reported on Line (221). End-user pre-paid wireless service revenues attributable to air time should be reported on Line (222). Toll charges to mobile service customers should be included in the lines for toll services.

#### Toll carrier service revenue categories

Toll services are telecommunications services, wireline or wireless, that enable customers to communicate outside of local exchange calling areas. No distinction is made based on whether services is provided over traditional circuits or by using packet switching techniques. Toll service revenues include intrastate, interstate, and international long distance services.

Line (223) -- Pre-paid calling card should include revenues from pre-paid calling cards provided either to customers or to retail establishments. Gross billed revenues should represent the amounts actually paid by customers for the cards without any reduction or adjustment for discounts provided to retail establishments. All pre-paid card revenues are classified as end-user revenues.

Line (224) - International calls that both originate and terminate in foreign points are excluded from the contribution bases regardless of whether the service is provided to resellers or to end-

users. These revenues should be segregated from other toll revenues by showing them on Line (224). International call-back services that both originate and terminate in non-U.S. points should be included on this line. Contributors should not report international settlement revenues from transiting traffic on the Worksheet.

Line (210) and Line (225) -- Operator and toll calls with alternative billing arrangements should include all calling card or credit card calls, person-to-person calls, and calls with alternative billing arrangements such as third number billing, collect calls, and country-direct type calls that either originate or terminate in a U.S. point. These lines should include all charges from toll or long distance directory assistance. Lines (210) and (225) should include revenues from all calls placed from all coin, public and semi-public, accommodation and prison telephones, except that calls that are paid for via pre-paid calling cards should be included in Line (223), and calls paid for by coins deposited in the phone should be included in Line (219).

Line (211) and Line (226) -- Ordinary long distance and other switched toll services should include amounts from Account 5100 -- Long distance message revenue -- except for amounts reported on Lines (210), (219), (223), (224) or (225). Line (211) and Line (226) should include ordinary message telephone service (MTS), WATS, toll-free, 900, "WATS-like," and similar switched services. This category includes most toll calls placed for a fee regardless of how calls are handled. Thus, this category includes calls handled using internet technology as well as calls handled using more traditional switched circuit techniques. Do not deduct or net payments to carriers for origination or termination of traffic on their networks.

Line (212) and Line (227) -- Long distance private line service should include revenues from dedicated circuits, private switching arrangements, and/or predefined transmission paths, extending beyond the basic service area. This category should include revenues from the resale of special access services. Line (212) and Line (227) should include Account 5120 -- Long distance private network revenue.

Line (213) and Line (228) -- Satellite service should contain revenues from providing space segment service combined with earth station up-link capacity used for providing telecommunications or telecommunications services via satellite. Revenues derived from the lease of bare transponder capacity should not be included in Lines (213) and (228), but rather should be included in Line (231).

Line (214) and Line (229) -- All other long distance should include all other revenues from providing long distance communications services. These lines should include Account 5160 -- Other long distance revenue.

Line (230) -- Contribution base -- should contain a subtotal of Lines (215) through (223) and Lines (225) through (229). The totals on this line represent end-user revenues for the purpose of determining contributions to universal service, TRS and NANPA support. For example, the



schools, libraries, and rural health care support mechanisms' contribution factor will be assessed against Line (230)(a) and the high cost and low income support mechanisms' contribution factor will be assessed against Line (230)(c).

Other revenue categories

Line (215) -- surcharges and other amounts on bills identified as recovering State or Federal Universal Service contributions. Carriers generally are not required to recover their universal service contributions from end-user customers through the use of surcharges or specially identified amounts on customer bills. Carriers that recover contributions through ordinary charges should report the revenue from those charges on the line that matches the type of service provided. Where carriers identify amounts on end-user bills as recovering universal service contributions, these revenues must be reported on Line (215). Like other end-user revenues, these amounts are included in the carrier's contribution base.

Contributors may have revenues on their books that are not derived from telecommunications or telecommunications-related functions that should not be included in the universal service contribution base. For example, information services offering a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications are not included in the universal service contribution base. Information services do not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service. Information services also are called enhanced services because they are offered over common carrier transmission facilities used in interstate communications and employ computer processing applications that act on the format, content, code, protocol, or similar aspects of the subscriber's transmitted information; provide the subscriber additional, different, or restructured information; or involve subscriber interaction with stored information. These services are exempt from contribution requirements.

Line (231) should contain revenues from enhanced services and other services that are exempt from contribution requirements and are not reported elsewhere. Line (231) should include Account 5230 -- Directory revenues -- and Account 5270 -- Carrier billing and collection revenue. Line (231) should include revenues from the sale, lease, maintenance, or insurance of customer premises equipment (CPE), inside wiring maintenance insurance, the provision of bare satellite transponder capacity, and all non-telecommunications service revenues on the contributor's books.

3. Column (b) - percent interstate & international

For each entry in Lines (203) through (229) estimate the percentage amounts reported in column (a) that are for interstate or international service, and enter this percentage in Column (b). Interstate and international revenues include all revenues received for calls that do not originate and terminate in the same state. For example, if a cellular carrier collects a fixed amount of revenue per minute of traffic, and 15 percent of minutes are interstate, then interstate revenues would include 15 percent of the per-minute revenues. Similarly, if a LEC bills local measured service charges for calls that originate in one state and terminate in another, these billings should be classified as interstate even though they are included in a local service account. Under the Commission's rules, if over ten percent of the traffic carried over a private or WATS line is interstate, then the revenues and costs generated by the entire line are classified as interstate.<sup>3</sup> In general, flat-rated unbundled network access elements should be classified according to the regulatory agency that has primary jurisdiction over the contracts.

Wherever possible, contributors should calculate the percentage of total revenues that are interstate by using information from their books of accounts and other internal data reporting systems. In such cases, contributors should enter the billed amount in column (c) that is based on their books of account. Contributors that cannot calculate a percentage by using information from their books of accounts and other internal data reporting systems may elect to rely on a special study to estimate the percentages. All information supporting special studies must be made available to either the FCC or to the Universal Service Administrator upon request.

4. Column (c) - interstate and international revenue

Contributors should enter billed revenues for interstate and international service that are based on information in books of account in column (c). If interstate and international revenues cannot be taken from the contributor's books, multiply the gross revenues reported in column (a) by the interstate and international percentages reported in column (b), and then place the results in column (c).

D. Block 4: Calculation of Local Number Portability Administration Contribution

Enter the TRS Company Code at the top of Block 4 and copy the legal name of the reporting entity from Line (1) into Line (301). Block 4 collects information needed to determine the contribution to the cost recovery for shared costs of long-term local number portability on a region-by-region basis. Unlike TRS, universal service and NANPA, local number portability support is determined by LNPA region of the country. Telecommunications providers that are not required to contribute to LNPA support should not complete Block 4. Section II-A provides

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<sup>3</sup> See 47 C.F.R. § 36.154(a).

details on which telecommunications providers are required to contribute to support LNPA. Also, **no carrier should compete Block 4 for the September 1st filing.**

Line (302) -- provide carrier telecommunications revenues not included in the end-user contribution base. This amount includes revenues reported as service provided to other contributors and service identified as international-to-international. Calculate this amount as the sum of the amounts in column (a) for Lines (203) through (214) plus the amount on Line (224). This total does not include information service, customer premises equipment and other revenues included on Line (231).

Enter the total end-user contribution base on Line (303). The end-user contribution base is the amount calculated on Line (230) in column (a).

In Lines (304) through (310), carriers should estimate the percentage of revenue that they billed in each region based on the amount of service actually provided in the parts of the United States listed for each region. For example, if a carrier provided approximately equal amounts of telecommunications service to other contributors [Line (302) revenue] in New Jersey and New York, then it would report 50.0% in column (a) for both the Mid-Atlantic and Northeast regions. Carriers should not make any entries in column (a) if it has \$0 entered on Line (302). If a positive amount is entered in Line (302), then the percentages contained in column (a) must total 100%. **Carriers do not need to complete column (a) if it had some end-user revenues in each of the regions in which it had carrier operations.**

Where carriers can determine the actual end-user contribution base revenues provided in each region, they should enter those amounts in column (c). If not, they should estimate the proportionate share to the nearest tenth of a percent, record the percentages in Column (b) and then multiply the percentages times total end-user contribution base, from Line (303). Carriers should enter 0% for regions where it has no contribution base revenues. If the total revenue shown in Line (303) is greater than 0, then the sum of the percentages in column (b) must equal 100 percent. The sum of the revenue amounts contained in column (c) should total the end-user contribution base shown in Line (303).

The second part of Block 4 calculates the amount owed to support local number portability administration. Carriers should enter the revenue amounts by region from Lines (304) through (310) into the (a) column of Lines (312) through (318), respectively. These amounts are multiplied times the percentages contained in the (b) column and the results are entered in the (c) column. These represent the amounts owed to the LNPA in each region of the country.

Carriers that provide telecommunications service in a region but that do not have end-user contribution base revenue in the region must make a contribution of \$100 for that region. These will be carriers that either 1) sell services only to other carriers or 2) only provide services that transit the United States. Non-contribution base revenue consists of services provided to other

contributors and international-to-international services. A carrier would not make this \$100 contribution in a region if it had some end-user contribution base revenues in the region, even if the calculated contribution based on these end-user revenues would be less than \$100. Thus, carriers should calculate the minimum payment by counting the regions in Lines (304) through (310) where the percentage amounts in column (a) are greater than 0 and the percentage amounts in column (b) are equal to zero, and then multiplying this total times \$100.

The carrier's total contribution for local number portability administration for the filing period is the sum of the amounts on Lines (312) through (319). Enter this amount on Line (320)

E. Block 5: Calculation of TRS Contribution

Telecommunications providers that are not required to contribute to the TRS Fund should not complete Block 5. Section II-A provides details on which telecommunications providers are required to contribute to the TRS Fund. Also, **no carrier should compete Block 5 for the September 1st filing.** Carriers that have no end-user telecommunications revenues need not contribute to the TRS Fund.

Enter the **interstate** end-user contribution base on Line (321). The **interstate** end-user contribution base is the amount calculated on Line (230) in **column (c)**.

Carriers with positive amounts on Line (321) should calculate their TRS contribution as the amount on Line (321) times the TRS contribution rate on Line (322), rounded up to the next dollar, and should enter the result on Line (323). Calculated amounts must be \$1 or greater.

F. Block 6: Calculation of NANPA Contribution

Telecommunications providers that are not required to contribute to fund NANPA should not complete Block 6. Section II-A provides details on which telecommunications providers are required to contribute to fund NANPA. Also, **no carrier should compete Block 6 for the September 1st filing.** All carriers must contribute to fund NANPA regardless of whether they have end-user revenue.

Line (324) should contain **total** carrier telecommunications revenues not included in the end-user contribution base. This amount includes **total** revenues reported as service provided to other contributors and **all** service identified as international-to-international. Calculate this amount as the sum of the amounts in **column (a)** for Lines (203) through (214) plus the amount on Line (224). This total does not include information service, customer premises equipment and other revenues included on Line (231).

Enter the **total** end-user contribution base on Line (325). The **total** end-user contribution base is the amount calculated on Line (230) in **column (a)**.

Carriers that are required to make NANPA contributions but whose total end-user contribution base revenues are \$0 must file a minimum payment of \$100. Thus, carriers with positive amounts on Line (324) and \$0 on Line (325) should enter \$100 on Line (327). Carriers with positive amounts on Line (325) should calculate their NANPA contribution as the amount on Line (325) times the NANPA contribution rate on Line (326), rounded up to the next dollar, and should enter the result on Line (327). Calculated amounts must be \$1 or greater.

G. Block 7: Certification.

An officer of the contributor must examine the data provided in the Telecommunications Reporting Worksheet and certify that the information provided therein is accurate. An officer is a person who occupies a position specified in the corporate by-laws (or partnership agreement), and would typically be president, vice president for operations, vice president for finance, comptroller, treasurer, or a comparable position. If the contributor is a sole proprietorship, the owner must sign the certification.

Enter the TRS Company Code at the top of Block 7 and copy the legal name of the reporting entity from Line (1) into Line (401).

47 C.F.R. § 43.21(c) of our rules requires "each miscellaneous common carrier (as defined in 47 C.F.R. § 21.2 of this chapter) with operating revenues for a calendar year in excess of the indexed revenue threshold, as defined in § 32.9000" to file data on "operating revenues for that year and the value of its total communications plant" with the Chief of the Common Carrier Bureau.<sup>4</sup> Such reports are due on April 1, each year. Carriers may use the check box in Line (402) to certify that they will comply with this section of the rules by separate letter.

**Alternately**, the carrier can use the Telecommunications Reporting Worksheet to satisfy these requirements by checking the second box and permitting the FCC to use and publish total gross plant information and total toll revenue information [the total of Lines (210) through (214) and (223) through (230)]. Carriers checking this box should also provide in the space provided an estimate of the gross value of the reporting entities telecommunications plant in service at the end of the prior calendar year. This figure may be rounded to the nearest hundred million dollars. **Carriers checking the second box need not make a separate filing under 47 C.F.R. § 43.21(c).**

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<sup>4</sup> 47 C.F.R. § 43.21(c).

Enter the total contribution required for local number portability administration on Line (403). This is the amount calculated on Line (320). If this amount is less than \$1200, the this amount must be remitted to the local number portability administration. If this amount is equal to \$1200 or more, then contributors may elect to make 12 equal payments. Contributors should enter the amount of the first payment on Line (404). Line (404) should be \$0 for the September 1 filing.

Enter the total contribution required for TRS on Line (405). This is the amount calculated on Line (323). If this amount is less than \$1200, the this amount must be remitted to the TRS administrator. If this amount is equal to \$1200 or more, then contributors may elect to make 12 equal payments. Contributors should enter the amount of the first payment on Line (406). Line (406) should be \$0 for the September 1 filing.

Enter the total contribution required for NANPA on Line (407). This is the amount calculated on Line (327). If this amount is less than \$1200, the this amount must be remitted to the local number portability administration. If this amount is equal to \$1200 or more, then contributors may elect to make 12 equal payments. Contributors should enter the amount of the first payment on Line (408). Line (408) should be \$0 for the September 1 filing.

Section II - B above provides directions for mailing the completed Telecommunications Reporting Worksheet and checks for amounts due. Where carriers elect monthly billing, the contributions must be received by the first day of each month. Thus, the first payment would be due April 1 of the filing year and the 11 subsequent payments would be due May 1 of the filing year through March 1 of the following year. Boxes on Lines (303), (406), and (408) are provided so that contributors can request monthly payment reminders. These reminders will be mailed to the address shown in Line (116). Contact the respective administrators to make other arrangements. Failure to receive a reminder notice will not justify late payment.

So that the public might better assist the Commission to monitor and identify faulty or incomplete information, the Commission intends to make available to the public the names of carriers that file, the regions in which they operate, the carrier type categories checked, the corporate headquarters addresses, the mechanisms contributed to, the telephone numbers provided for customer inquiries, the categories of revenue filed, and agent for service of process information.

Section 255 (c) of the Communications Act requires that

A provider of telecommunications service shall ensure that the service is accessible to and usable by individuals with disabilities, if readily achievable.

Line (409) is included on the worksheet to remind carriers of this obligation and to permit them to certify that they have met this requirement.

As explained above, the Form 499 Telecommunications Reporting Worksheet is intended to satisfy a number of requirements. Not all reporting entities must contribute to the provision of universal service, local number portability, TRS, and NANPA. In some cases this will be obvious from other information provided on the form. For example, a carrier whose universal service contribution would be less than \$10,000 based on the formula in Figure 2 will be exempt from the universal service contribution requirement even if it must file for other purposes. However, reporting entities are exempt from other contribution requirements if they do not operate as common carriers. An entity might best describe itself as a shared tenant service provider but may have some common carrier revenues. Check boxes are provided so that carriers can certify which contributions they are exempt from making.

Line (410) would be used to certify that a reporting entity is exempt from federal universal service support requirements because it and all affiliates provide either intrastate services only or international services only. The definition of interstate, however, is very broad. See Section II-A-4.

Line (411) would be used to certify that a reporting entity is exempt from the TRS contribution requirement because it and all affiliates provide intrastate services only. Again, see Section II-A-4.

Line (412) would be used to certify that a reporting entity is exempt from local number portability or NANPA funding requirements because it provided pay telephone service and did not derive any revenue from any carrier services.

Line (413) would be used to certify that a reporting entity is exempt from local number portability, TRS or NANPA funding requirements because it provided shared tenant service and did not derive any revenue from providing carrier services.

Line (414) would be used to certify that a reporting entity is exempt from the TRS funding requirement because it provided private carrier service and did not derive any revenue from providing common carrier services.

Check the box in Line (415) if you would like to request Commission nondisclosure of the contact names and revenue information contained on the Worksheet. By checking this box, the officer of the company signing the Worksheet certifies that the information contained on the Worksheet is privileged or confidential commercial or financial information and that disclosure of such information would likely cause substantial harm to the competitive position of the company filing the Worksheet. This box may be checked in lieu of submitting a separate request for confidentiality pursuant to section 0.459 of the Commission's rules. 47 C.F.R. § 0.459. All decisions regarding disclosure of company-specific information will be made by the Commission.

H. Obligation to file revisions

Line (420) provides check boxes to show whether the Worksheet is the original filing or a revised filing for the year. Contributors generally close their books for financial purposes by the end of March. Accordingly, for such contributors, the filing due by April 1 should be based on closed books. The filing due by September 1 should be based on books as of June 30 of the filing year. Contributors should not include (carry back or bring forward) routine out-of-period adjustments to revenue data unless such adjustments would affect a reported amount by more than ten percent. Contributors should not file a revised Form 499 Telecommunications Reporting Worksheet to reflect mergers, acquisitions, or sales of operating units. In the event that a contributor that filed a Form 499 no longer exists, the successor company to the contributor's assets or operations is responsible for continuing to make payments, if any, for the funding period.

A contributor must file a revised April 1 Worksheet containing whole year data if it discovers an error that would change its total contribution obligations by more than \$100. Carriers should not file a revised September 31 filing unless it discovers an error that would change its universal service contribution by 5% or more for the first two quarters of the calendar year. Note that the universal service administrator will base contribution requirements for the third and fourth quarters on whole year revenue data minus data filed for the first half of the year. Thus, a carrier paying too little for the first half of the year would overpay by roughly the same amount in the second half of the year.

IV. Electronic Filing

Not available at this time.



V. Reminders

- **Each affiliate or subsidiary must file separately.** Each affiliate or subsidiary should show the same holding company name on Line (5).
- Provide data for all lines that apply. **Show a zero for all items for which the contributor had no revenues for the filing period.**
- **Some contributors must file twice a year.** Contributors must provide revenue data for January 1 through June 30 by September 1 of each year. Contributors must provide revenue data for January 1 through December 31 of the prior year by April 1 of each year.
- Wherever possible, revenue information should be taken from the contributors' books of account and subsidiary records.
- **The Worksheet must be signed by an officer of the reporting entity.** An officer is a person who occupies a position specified in the corporate by-laws (or partnership agreement), and would typically be president, vice-president for operations, comptroller, treasurer, or a comparable position.
- **Write the legal name of the contributor and the TRS Company Code on the check.** Include a photocopy of the check with the filed paper copy of the Worksheet.
- **Do not mail the worksheet to the FCC.** See Section II-B for filing instructions.

For further information regarding the Worksheet and instructions, contact any of the following:

Universal Service Administration	(973) 560-4400.
TRS Administration	(973) 418-0948
NANPA Billing and Collection Agent	(973) 884-8542
Local Number Portability Administrators	
Common Carrier Bureau Industry Analysis Division	(202) 418-0940
TTY (Network Services Division)	(202) 418-0484

- FEDERAL COMMUNICATIONS COMMISSION -

## APPENDIX C

## INITIAL REGULATORY FLEXIBILITY ACT ANALYSIS

1. As required by the Regulatory Flexibility Act (RFA),<sup>1</sup> the Commission has prepared this present Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities by the policies and rules proposed in this NPRM. Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments on this NPRM provided above on the first page. The Commission will send a copy of this NPRM, including this IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.<sup>2</sup> In addition, this NPRM and IRFA (or summaries thereof) will be published in the Federal Register.<sup>3</sup>

**I. Need for, and Objectives of, the Proposed Action:**

2. The Commission undertakes this examination of its contributor reporting requirements<sup>4</sup> as a part of its 1998 biennial review of regulations as required by section 11 of the Communications Act, as amended.<sup>5</sup> This NPRM proposes to simplify the Commission's filing requirements so that a single worksheet will replace several different forms currently filed under our existing rules associated with the Telecommunications Relay Services (TRS) Fund,<sup>6</sup> federal universal service support mechanisms,<sup>7</sup> the cost recovery mechanism for the North American Numbering Plan (NANP) administration,<sup>8</sup> and the cost recovery mechanism for long-term local number portability (LNP) administration.<sup>9</sup> Our objective is to reduce or eliminate unnecessary or duplicative regulatory requirements as competition supplants the need

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<sup>1</sup> See 5 U.S.C. § 603. The RFA, *see* 5 U.S.C. § 601 *et. seq.*, has been amended by the Contract With America Advancement Act of 1996, Pub. L. No. 104-121, 110 Stat. 847 (1996) (CWAAA). Title II of the CWAAA is the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA).

<sup>2</sup> See 5 U.S.C. § 603(a).

<sup>3</sup> See *id.*

<sup>4</sup> See 47 C.F.R. §§ 64.601 *et seq.*; 47 C.F.R. §§ 54.1 *et seq.*; 47 C.F.R. §§ 52.1 *et seq.*; 47 C.F.R. §§ 52.21 *et seq.*

<sup>5</sup> 47 U.S.C. § 161.

<sup>6</sup> 47 C.F.R. §§ 64.601 *et seq.*

<sup>7</sup> 47 C.F.R. §§ 54.1 *et seq.*, 69.1 *et seq.*

<sup>8</sup> 47 C.F.R. §§ 52.1 *et seq.*

<sup>9</sup> 47 C.F.R. §§ 52.21 *et seq.*

for such requirements, consistent with section 11 of the Communications Act, as amended,<sup>10</sup> and the Telecommunications Act of 1996.<sup>11</sup> The Commission tentatively concludes that it can reduce regulatory burdens imposed by the existing multiple filing requirements by combining current contributor reporting worksheets into one unified Telecommunications Reporting Worksheet.

## II. Legal Basis:

3. The legal basis for the action as proposed for this rulemaking is contained in sections 1, 4(i), 4(j), 11, 201-205, 210, 214, 218, 225, 251, 254, 303(r), 332, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 154(j), 161, 201-205, 210, 214, 218, 225, 251, 254, 303(r), 332 and 403.

## III. Description and Estimate of the Number of Small Entities to Which the Proposed Action May Apply:

4. The Commission's contributor reporting requirements apply to a wide range of entities, including all telecommunications carriers and other providers of interstate telecommunications that offer telecommunications for a fee.<sup>12</sup> Thus, we expect that the proposals set forth in this proceeding may have an economic impact on a substantial number of small entities. The economic impact of these proposals would, of course, be a positive and beneficial impact, in the form of reduced regulatory burdens and recordkeeping requirements, for these entities.

5. To estimate the number of small entities that would benefit from this positive economic impact, we first consider the statutory definition of "small entity" under the RFA. The RFA generally defines "small entity" as having the same meaning as the term "small business," "small organization," and "small governmental jurisdiction."<sup>13</sup> In addition, the term "small business" has the same meaning as the term "small business concern" under the Small

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<sup>10</sup> 47 U.S.C. § 161.

<sup>11</sup> Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996 Act), *codified at* 47 U.S.C. §§ 151 *et seq.* See Joint Explanatory Statement of the Committee of Conference, S. Conf. Rep. No. 230, 104th Cong., 2d Sess. 113 (1996) (Joint Explanatory Statement).

<sup>12</sup> 47 C.F.R. §§ 52.17 (applying to all telecommunications carriers), 52.32 (applying to all telecommunications carriers), 54.703 (applying to every telecommunications carrier that provides interstate telecommunications services, every provider of interstate telecommunications that offers telecommunications for a fee on a non-common carrier basis, and certain payphone providers), 64.604(c)(4)(iii)(A) (applying to every carrier providing interstate telecommunications services). We note that the Commission's rules for universal service exempt certain small contributors, *i.e.*, contributors that have revenue below a stated threshold. 47 C.F.R. § 54.705.

<sup>13</sup> 5 U.S.C. § 601(6).

Business Act, unless the Commission has developed one or more definitions that are appropriate to its activities.<sup>14</sup> Under the Small Business Act, a "small business concern" is one that: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) meets any additional criteria established by the Small Business Administration (SBA).<sup>15</sup> The SBA has defined a small business for Standard Industrial Classification (SIC) categories 4812 (Radiotelephone Communications) and 4813 (Telephone Communications, Except Radiotelephone) to be small entities when they have no more than 1,500 employees.<sup>16</sup> We first discuss the number of small telephone companies falling within these SIC categories, then attempt to refine further those estimates to correspond with the categories of telephone companies that are commonly used under our rules. We expect that not all of the entities within a given category necessarily offer carrier services or interstate telecommunications services for a fee. Nevertheless, out of an abundance of caution, we analyze a wide range of categories in an effort to identify the greatest number of small entities possible that could be effected by the proposals in this NPRM.

6. The most reliable source of information regarding the total numbers of certain common carrier and related providers nationwide, as well as the numbers of commercial wireless entities, appears to be data the Commission publishes annually in its *Telecommunications Industry Revenue* report, regarding the Telecommunications Relay Service (TRS).<sup>17</sup> According to data in the most recent report, there are 3,459 interstate carriers.<sup>18</sup> These carriers include, *inter alia*, local exchange carriers, wireline carriers and service providers, interexchange carriers, competitive access providers, operator service providers, pay telephone operators, providers of telephone toll service, providers of telephone exchange service, and resellers.

7. Although some affected incumbent local exchange carriers (ILECs) may have 1,500 or fewer employees, we do not believe that such entities should be considered small entities within the meaning of the RFA because they are either dominant in their field of operations or are not independently owned and operated, and therefore by definition not "small

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<sup>14</sup> 5 U.S.C. § 601(3) (incorporating by reference the definition of "small business concern" in 5 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies "unless an agency after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition in the Federal Register."

<sup>15</sup> 15 U.S.C. § 632. *See, e.g., Brown Transport Truckload, Inc. v. Southern Wipers, Inc.*, 176 B.R. 82 (N.D. Ga. 1994).

<sup>16</sup> 13 C.F.R. § 121.201.

<sup>17</sup> FCC, *Telecommunications Industry Revenue: TRS Fund Worksheet Data*, Figure 2 (Number of Carriers Paying Into the TRS Fund by Type of Carrier) (Nov. 1997) (*Telecommunications Industry Revenue*).

<sup>18</sup> *Id.*

entities" or "small business concerns" under the RFA. Accordingly, our use of the terms "small entities" and "small businesses" does not encompass small ILECs. Out of an abundance of caution, however, for regulatory flexibility analysis purposes, we will separately consider small ILECs within this analysis and use the term "small ILECs" to refer to any ILECs that arguably might be defined by the SBA as "small business concerns."<sup>19</sup>

8. *Total Number of Telephone Companies Affected.* The United States Bureau of the Census ("the Census Bureau") reports that, at the end of 1992, there were 3,497 firms engaged in providing telephone services, as defined therein, for at least one year.<sup>20</sup> This number contains a variety of different categories of carriers, including local exchange carriers, interexchange carriers, competitive access providers, cellular carriers, mobile service carriers, operator service providers, pay telephone operators, PCS providers, covered SMR providers, and resellers. It seems certain that some of those 3,497 telephone service firms may not qualify as small entities or small incumbent LECs because they are not "independently owned and operated."<sup>21</sup> For example, a PCS provider that is affiliated with an interexchange carrier having more than 1,500 employees would not meet the definition of a small business. It seems reasonable to conclude, therefore, that fewer than 3,497 telephone service firms are small entity telephone service firms or small incumbent LECs that may be affected by this NPRM.

9. *Wireline Carriers and Service Providers.* SBA has developed a definition of small entities for telephone communications companies other than radiotelephone companies. The Census Bureau reports that, there were 2,321 such telephone companies in operation for at least one year at the end of 1992.<sup>22</sup> According to SBA's definition, a small business telephone company other than a radiotelephone company is one employing no more than 1,500 persons.<sup>23</sup> All but 26 of the 2,321 non-radiotelephone companies listed by the Census Bureau were reported to have fewer than 1,000 employees. Thus, even if all 26 of those companies had more than 1,500 employees, there would still be 2,295 non-radiotelephone companies that might qualify as small entities or small incumbent LECs. Although it seems certain that some of these carriers are not independently owned and operated, we are unable at this time to estimate with greater precision the number of wireline carriers and service

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<sup>19</sup> See 13 C.F.R. § 121.201, SIC code 4813. Since the time of the Commission's 1996 decision, *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order*, 11 FCC Rcd 15499, 16144-45 (1996), 61 FR 45476 (August 29, 1996), the Commission has consistently addressed in its regulatory flexibility analyses the impact of its rules on such ILECs.

<sup>20</sup> United States Department of Commerce, Bureau of the Census, *1992 Census of Transportation, Communications, and Utilities: Establishment and Firm Size*, at Firm Size 1-123 (1995) ("1992 Census").

<sup>21</sup> 15 U.S.C. § 632(a)(1).

<sup>22</sup> 1992 Census, *supra*, at Firm Size 1-123.

<sup>23</sup> 13 C.F.R. § 121.201, Standard Industrial Classification (SIC) Code 4813.

providers that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 2,295 small entity telephone communications companies other than radiotelephone companies that may be affected by the proposals recommended for adoption in this NPRM.

10. *Local Exchange Carriers.* Neither the Commission nor SBA has developed a definition of small providers of local exchange services (LECs). The closest applicable definition under SBA rules is for telephone communications companies other than radiotelephone (wireless) companies. The most reliable source of information regarding the number of LECs nationwide of which we are aware appears to be the data that we collect annually in connection with the Telecommunications Relay Service (TRS).<sup>24</sup> According to our most recent data, 1,371 companies reported that they were engaged in the provision of local exchange services.<sup>25</sup> Although it seems certain that some of these carriers are not independently owned and operated, or have more than 1,500 employees, we are unable at this time to estimate with greater precision the number of LECs that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 1,371 small entity LECs or small incumbent LECs that may be affected by the proposals recommended for adoption in this NPRM.

11. *Interexchange Carriers.* Neither the Commission nor SBA has developed a definition of small entities specifically applicable to providers of interexchange services (IXCs). The closest applicable definition under SBA rules is for telephone communications companies other than radiotelephone companies.<sup>26</sup> The most reliable source of information regarding the number of IXCs nationwide of which we are aware appears to be the data that we collect annually in connection with TRS. According to our most recent data, 143 companies reported that they were engaged in the provision of interexchange services.<sup>27</sup> Although it seems certain that some of these carriers are not independently owned and operated, or have more than 1,500 employees, we are unable at this time to estimate with greater precision the number of IXCs that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 143 small entity IXCs that may be affected by the proposals recommended for adoption in this NPRM.

12. *Competitive Access Providers.* Neither the Commission nor SBA has developed a definition of small entities specifically applicable to providers of competitive access services (CAPs). The closest applicable definition under SBA rules is for telephone communications companies other than radiotelephone companies. The most reliable source of

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<sup>24</sup> See 47 C.F.R. § 64.601 *et seq.*

<sup>25</sup> *Telecommunications Industry Revenue* at Fig. 2.

<sup>26</sup> 13 C.F.R. § 121.210, SIC Code 4813.

<sup>27</sup> *Telecommunications Industry Revenue* at Fig. 2.

information regarding the number of CAPs nationwide of which we are aware appears to be the data that we collect annually in connection with the TRS. According to our most recent data, 109 companies reported that they were engaged in the provision of competitive access services.<sup>28</sup> Although it seems certain that some of these carriers are not independently owned and operated, or have more than 1,500 employees, we are unable at this time to estimate with greater precision the number of CAPs that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 109 small entity CAPs that may be affected by the proposals recommended for adoption in this NPRM.

13. *Operator Service Providers.* Neither the Commission nor SBA has developed a definition of small entities specifically applicable to providers of operator services. The closest applicable definition under SBA rules is for telephone communications companies other than radiotelephone companies. The most reliable source of information regarding the number of operator service providers nationwide of which we are aware appears to be the data that we collect annually in connection with the TRS. According to our most recent data, 27 companies reported that they were engaged in the provision of operator services.<sup>29</sup> Although it seems certain that some of these companies are not independently owned and operated, or have more than 1,500 employees, we are unable at this time to estimate with greater precision the number of operator service providers that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 27 small entity operator service providers that may be affected by the proposals recommended for adoption in this NPRM.

14. *Resellers.* Neither the Commission nor SBA has developed a definition of small entities specifically applicable to resellers. The closest applicable definition under SBA rules is for all telephone communications companies.<sup>30</sup> The most reliable source of information regarding the number of resellers nationwide of which we are aware appears to be the data that we collect annually in connection with the TRS. According to our most recent data, 339 companies reported that they were engaged in the resale of telephone services.<sup>31</sup> Although it seems certain that some of these carriers are not independently owned and operated, or have more than 1,500 employees, we are unable at this time to estimate with greater precision the number of resellers that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 339 small entity resellers that may be affected by the proposals recommended for adoption in this NPRM.

15. *Wireless (Radiotelephone) Carriers.* SBA has developed a definition of small

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<sup>28</sup> *Telecommunications Industry Revenue* at Fig. 2.

<sup>29</sup> *Telecommunications Industry Revenue* at Fig. 2.

<sup>30</sup> 13 C.F.R. § 121.210, SIC Code 4813.

<sup>31</sup> *Telecommunications Industry Revenue* at Fig. 2.

entities for radiotelephone (wireless) companies. The Census Bureau reports that there were 1,176 such companies in operation for at least one year at the end of 1992.<sup>32</sup> According to SBA's definition, a small business radiotelephone company is one employing no more than 1,500 persons.<sup>33</sup> The Census Bureau also reported that 1,164 of those radiotelephone companies had fewer than 1,000 employees. Thus, even if all of the remaining 12 companies had more than 1,500 employees, there would still be 1,164 radiotelephone companies that might qualify as small entities if they are independently owned and operated. Although it seems certain that some of these carriers are not independently owned and operated, we are unable at this time to estimate with greater precision the number of radiotelephone carriers and service providers that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 1,164 small entity radiotelephone companies that may be affected by the proposals recommended for adoption in this NPRM.

16. *Cellular and Mobile Service Carriers.* In an effort to further refine our calculation of the number of radiotelephone companies affected by the rules adopted herein, we consider the categories of radiotelephone carriers, Cellular Service Carriers and Mobile Service Carriers. Neither the Commission nor the SBA has developed a definition of small entities specifically applicable to Cellular Service Carriers and to Mobile Service Carriers. The closest applicable definition under SBA rules for both services is for telephone companies other than radiotelephone (wireless) companies.<sup>34</sup> The most reliable source of information regarding the number of Cellular Service Carriers and Mobile Service Carriers nationwide of which we are aware appears to be the data that we collect annually in connection with the TRS. According to our most recent data, 804 companies reported that they are engaged in the provision of cellular services and 117 companies reported that they are engaged in the provision of mobile services.<sup>35</sup> Although it seems certain that some of these carriers are not independently owned and operated, or have more than 1,500 employees, we are unable at this time to estimate with greater precision the number of Cellular Service Carriers and Mobile Service Carriers that would qualify as small business concerns under SBA's definition. Consequently, we estimate that there are fewer than 804 small entity Cellular Service Carriers and fewer than 138 small entity Mobile Service Carriers that might be affected by the proposals recommended for adoption in this NPRM.

17. *Broadband PCS Licensees.* The broadband PCS spectrum is divided into six frequency blocks designated A through F, and the Commission has held auctions for each block. The Commission defined "small entity" for Blocks C and F as an entity that has

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<sup>32</sup> United States Department of Commerce, Bureau of the Census, *1992 Census of Transportation, Communications, and Utilities: Establishment and Firm Size*, at Firm Size 1-123 (1995) ("1992 Census").

<sup>33</sup> 13 C.F.R. § 121.201, SIC Code 4812.

<sup>34</sup> *Id.*

<sup>35</sup> *Telecommunications Industry Revenue* at Fig. 2.



average gross revenues of less than \$40 million in the three previous calendar years.<sup>36</sup> For Block F, an additional classification for "very small business" was added, and is defined as an entity that, together with its affiliates, has average gross revenues of not more than \$15 million for the preceding three calendar years.<sup>37</sup> These regulations defining "small entity" in the context of broadband PCS auctions have been approved by SBA.<sup>38</sup> No small businesses within the SBA-approved definition bid successfully for licenses in Blocks A and B. There were 90 winning bidders that qualified as small entities in the Block C auctions. A total of 93 small and very small business bidders won approximately 40% of the 1,479 licenses for Blocks D, E, and F. However, licenses for Blocks C through F have not been awarded fully, therefore there are few, if any, small businesses currently providing PCS services. Based on this information, we conclude that the number of small broadband PCS licenses will include the 90 winning C Block bidders and the 93 qualifying bidders in the D, E, and F blocks, for a total of 183 small PCS providers as defined by the SBA and the Commissioner's auction rules.

18. *SMR Licensees.* Pursuant to 47 C.F.R. § 90.814(b)(1), the Commission has defined "small entity" in auctions for geographic area 800 MHz and 900 MHz SMR licenses as a firm that had average annual gross revenues of less than \$15 million in the three previous calendar years. The definition of a "small entity" in the context of 800 MHz SMR has been approved by the SBA,<sup>39</sup> and approval for the 900 MHz SMR definition has been sought. The rules proposed in this NPRM may apply to SMR providers in the 800 MHz and 900 MHz bands that either hold geographic area licenses or have obtained extended implementation authorizations. We do not know how many firms provide 800 MHz or 900 MHz geographic area SMR service pursuant to extended implementation authorizations, nor how many of these providers have annual revenues of less than \$15 million. We assume, for purposes of this IRFA, that all of the extended implementation authorizations may be held by small entities, that may be affected by the proposals recommended for adoption in this NPRM.

19. The Commission recently held auctions for geographic area licenses in the 900 MHz SMR band. There were 60 winning bidders who qualified as small entities in the 900

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<sup>36</sup> See *Amendment of Parts 20 and 24 of the Commission's Rules -- Broadband PCS Competitive Bidding and the Commercial Mobile Radio Service Spectrum Cap*, Report and Order, FCC 96-278, WT Docket No. 96-59, ¶¶ 57-60 (June 24, 1996), 61 FR 33859 (July 1, 1996); see also 47 C.F.R. § 24.720(b).

<sup>37</sup> *Id.*, at ¶ 60.

<sup>38</sup> *Implementation of Section 309(j) of the Communications Act -- Competitive Bidding*, PP Docket No. 93-253, Fifth Report and Order, 9 FCC Rcd 5532, 5581-84 (1994).

<sup>39</sup> See *Amendment of Parts 2 and 90 of the Commission's Rules to Provide for the Use of 200 Channels Outside the Designated Filing Areas in the 896-901 MHz and the 935-940 MHz Bands Allotted to the Specialized Mobile Radio Pool*, PR Docket No. 89-583, Second Order on Reconsideration and Seventh Report and Order, 11 FCC Rcd 2639, 2693-702 (1995); *Amendment of Part 90 of the Commission's Rules to Facilitate Future Development of SMR Systems in the 800 MHz Frequency Band*, PR Docket No. 93-144, First Report and Order, Eighth Report and Order, and Second Further Notice of Proposed Rulemaking, 11 FCC Rcd 1463 (1995).

MHz auction. Based on this information, we conclude that the number of geographic area SMR licensees that may be affected by the proposals in this NPRM includes these 60 small entities. No auctions have been held for 800 MHz geographic area SMR licenses. Therefore, no small entities currently hold these licenses. A total of 525 licenses will be awarded for the upper 200 channels in the 800 MHz geographic area SMR auction. The Commission, however, has not yet determined how many licenses will be awarded for the lower 230 channels in the 800 MHz geographic area SMR auction. There is no basis, moreover, on which to estimate how many small entities will win these licenses. Given that nearly all radiotelephone companies have fewer than 1,000 employees and that no reliable estimate of the number of prospective 800 MHz licensees can be made, we assume, for purposes of this IRFA, that all of the licenses may be awarded to small entities who may be affected by the proposals recommended for adoption in this NPRM.

20. *220 MHz Radio Services.* Because the Commission has not yet defined a small business with respect to 220 MHz services, we will utilize the SBA definition applicable to radiotelephone companies, *i.e.*, an entity employing no more than 1,500 persons.<sup>40</sup> With respect to 220 MHz services, the Commission has proposed a two-tiered definition of small business for purposes of auctions: (1) for Economic Area (EA) licensees, a firm with average annual gross revenues of not more than \$6 million for the preceding three years and (2) for regional and nationwide licensees, a firm with average annual gross revenues of not more than \$15 million for the preceding three years. Given that nearly all radiotelephone companies under the SBA definition employ no more than 1,500 employees (as noted *supra*), we will consider the approximately 1,500 incumbent licensees in this service as small businesses under the SBA definition.

21. *Private and Common Carrier Paging.* The Commission has proposed a two-tier definition of small businesses in the context of auctioning licenses in the Common Carrier Paging and exclusive Private Carrier Paging services.<sup>41</sup> Under the proposal, a small business will be defined as either (1) an entity that, together with its affiliates and controlling principals, has average gross revenues for the three preceding years of not more than \$3 million, or (2) an entity that, together with affiliates and controlling principals, has average gross revenues for the three preceding calendar years of not more than \$15 million. Because the SBA has not yet approved this definition for paging services, we will utilize the SBA's definition applicable to radiotelephone companies, *i.e.*, an entity employing no more than 1,500 persons.<sup>42</sup> At present, there are approximately 24,000 Private Paging licenses and 74,000 Common Carrier Paging licenses. According to the most recent TRS data, 172 carriers reported that they were engaged in the provision of either paging or "other mobile" services,

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<sup>40</sup> 13 C.F.R. § 121.201, SIC Code 4812.

<sup>41</sup> See 47 C.F.R. § 20.9(a)(1) (noting that private paging services may be treated as common carriage services).

<sup>42</sup> 13 C.F.R. § 121.201, SIC Code 4812.

which are placed together in the data.<sup>43</sup> We do not have data specifying the number of these carriers that are not independently owned and operated or have more than 1,500 employees, and thus are unable at this time to estimate with greater precision the number of paging carriers that would qualify as small business concerns under the SBA's definition. Consequently, we estimate that there are fewer than 172 small paging carriers that may be affected by the proposed rules, if adopted. We estimate that the majority of private and common carrier paging providers would qualify as small entities under the SBA definition.

22. *Narrowband PCS.* The Commission has auctioned nationwide and regional licenses for narrowband PCS. There are 11 nationwide and 30 regional licensees for narrowband PCS. The Commission does not have sufficient information to determine whether any of these licensees are small businesses within the SBA-approved definition for radiotelephone companies. At present, there have been no auctions held for the major trading area (MTA) and basic trading area (BTA) narrowband PCS licenses. The Commission anticipates a total of 561 MTA licenses and 2,958 BTA licenses will be awarded by auction. Such auctions have not yet been scheduled, however. Given that nearly all radiotelephone companies have no more than 1,500 employees and that no reliable estimate of the number of prospective MTA and BTA narrowband licensees can be made, we assume, for purposes of this IRFA, that all of the licenses will be awarded to small entities, as that term is defined by the SBA.

23. *Rural Radiotelephone Service.* The Commission has not adopted a definition of small entity specific to the Rural Radiotelephone Service.<sup>44</sup> A significant subset of the Rural Radiotelephone Service is the Basic Exchange Telephone Radio Systems (BETRS).<sup>45</sup> We will use the SBA's definition applicable to radiotelephone companies, *i.e.*, an entity employing no more than 1,500 persons.<sup>46</sup> There are approximately 1,000 licensees in the Rural Radiotelephone Service, and we estimate that almost all of them qualify as small entities under the SBA's definition.

24. *Air-Ground Radiotelephone Service.* The Commission has not adopted a definition of small entity specific to the Air-Ground Radiotelephone Service.<sup>47</sup> Accordingly, we will use the SBA's definition applicable to radiotelephone companies, *i.e.*, an entity

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<sup>43</sup> *Telecommunications Industry Revenue* at Fig. 2.

<sup>44</sup> The service is defined in section 22.99 of the Commission's rules, 47 C.F.R. § 22.99.

<sup>45</sup> BETRS is defined in sections 22.757 and 22.759 of the Commission's rules, 47 C.F.R. §§ 22.757, 22.759.

<sup>46</sup> 13 C.F.R. § 121.201, SIC Code 4812.

<sup>47</sup> The service is defined in section 22.99 of the Commission's rules, 47 C.F.R. § 22.99.

employing no more than 1,500 persons.<sup>48</sup> There are approximately 100 licensees in the Air-Ground Radiotelephone Service, and we estimate that almost all of them qualify as small entities under the SBA definition.

25. *Private Land Mobile Radio (PLMR).* PLMR systems serve an essential role in a range of industrial, business, land transportation, and public safety activities.<sup>49</sup> These radios are used by companies of all sizes operating in all U.S. business categories. The Commission has not developed a definition of small entity specifically applicable to PLMR licensees due to the vast array of PLMR users. For the purpose of determining whether a licensee is a small business as defined by the SBA, each licensee would need to be evaluated within its own business area.

26. The Commission is unable at this time to estimate the number of, if any, small businesses which could be impacted by the rules. However, the Commission's 1994 Annual Report on PLMRs<sup>50</sup> indicates that at the end of fiscal year 1994 there were 1,087,267 licensees operating 12,481,989 transmitters in the PLMR bands below 512 MHz. Because any entity engaged in a commercial activity is eligible to hold a PLMR license, the proposed rules in this context could potentially impact every small business in the United States.

27. *Fixed Microwave Services.* Microwave services include common carrier,<sup>51</sup> private-operational fixed,<sup>52</sup> and broadcast auxiliary radio services.<sup>53</sup> At present, there are approximately 22,015 common carrier fixed licensees in the microwave services. The Commission has not yet defined a small business with respect to microwave services. For purposes of this IRFA, we will utilize the SBA's definition applicable to radiotelephone

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<sup>48</sup> 13 C.F.R. § 121.201, SIC Code 4812.

<sup>49</sup> See 47 C.F.R. § 20.9(a)(2) (noting that certain Industrial/Business Pool service may be treated as common carriage service).

<sup>50</sup> Federal Communications Commission, *60th Annual Report, Fiscal Year 1994*, at 116.

<sup>51</sup> 47 C.F.R. § 101 *et seq.* (formerly, Part 21 of the Commission's Rules).

<sup>52</sup> Persons eligible under Parts 80 and 90 of the Commission's rules can use Private Operational-Fixed Microwave services. See 47 C.F.R. Parts 80 and 90. Stations in this service are called operational-fixed to distinguish them from common carrier and public fixed stations. Only the licensee may use the operational-fixed station, and only for communications related to the licensee's commercial, industrial, or safety operations.

<sup>53</sup> Auxiliary Microwave Service is governed by Part 74 of Title 47 of the Commission's Rules. See 47 C.F.R. § 74 *et seq.* Available to licensees of broadcast stations and to broadcast and cable network entities, broadcast auxiliary microwave stations are used for relaying broadcast television signals from the studio to the transmitter, or between two points such as a main studio and an auxiliary studio. The service also includes mobile TV pickups, which relay signals from a remote location back to the studio.

companies -- *i.e.*, an entity with no more than 1,500 persons.<sup>54</sup> We estimate, for this purpose, that all of the Fixed Microwave licensees (excluding broadcast auxiliary licensees) would qualify as small entities under the SBA definition for radiotelephone companies.

28. *Offshore Radiotelephone Service.* This service operates on several UHF TV broadcast channels that are not used for TV broadcasting in the coastal area of the states bordering the Gulf of Mexico.<sup>55</sup> At present, there are approximately 55 licensees in this service. We are unable at this time to estimate the number of licensees that would qualify as small entities under the SBA's definition for radiotelephone communications.

29. *Wireless Communications Services.* This service can be used for fixed, mobile, radiolocation and digital audio broadcasting satellite uses. The Commission defined "small business" for the wireless communications services (WCS) auction as an entity with average gross revenues of \$40 million for each of the three preceding years, and a "very small business" as an entity with average gross revenues of \$15 million for each of the three preceding years. The Commission auctioned geographic area licenses in the WCS service. In the auction, there were seven winning bidders that qualified as very small business entities, and one that qualified as a small business entity. We conclude that the number of geographic area WCS licensees affected includes these eight entities.

#### **IV. Description of Proposed Reporting, Recordkeeping, and Other Compliance Requirements:**

30. The proposals under consideration in this NPRM would reduce the reporting and recordkeeping requirements on telecommunications service providers regulated under the Communications Act. The Commission proposes to reduce regulatory burdens imposed by the existing multiple filing requirements by combining current contributor reporting worksheets into one unified Telecommunications Reporting Worksheet. In addition, the Commission seeks to further reduce carrier filing burdens by allowing carriers to use the proposed Telecommunications Reporting Worksheet to designate agents for service of process pursuant to section 413 of the Communications Act of 1934, as amended,<sup>56</sup> as well as to satisfy the reporting requirements of section 43.21 of our rules.<sup>57</sup> Should the Commission adopt these proposals, we expect that telecommunications service providers would experience a significant reduction in reporting, recordkeeping, and other compliance burdens.

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<sup>54</sup> 13 C.F.R. § 121.201, SIC Code 4812.

<sup>55</sup> This service is governed by Subpart I of Part 22 of the Commission's Rules. *See* 47 C.F.R. §§ 22.1001 - 22.1037.

<sup>56</sup> 47 U.S.C. § 413.

<sup>57</sup> 47 C.F.R. § 43.21(c). The Commission's rules are codified at Title 47 of the Code of Federal Regulations. 47 C.F.R. §§ 0.1 *et seq.*

**V. Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered:**

31. The impact of this proceeding should be beneficial to small businesses because the proposals set out in this NPRM would reduce the reporting or recordkeeping requirements on all communications common carriers. As noted above in the NPRM,<sup>58</sup> we seek comment on the desirability of this proposal and ask commenters to indicate whether a unified worksheet would reduce regulatory and administrative burden on reporting carriers. Alternatively, we ask commenters to indicate whether there might be any class of contributors whose burden would be increased by the unified worksheet.<sup>59</sup>

**VI. Federal Rules that May Duplicate, Overlap, or Conflict With the Proposed Rule:**

32. None.

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<sup>58</sup> See NPRM at ¶ 19, *supra*.

<sup>59</sup> See NPRM at ¶ 20, *supra*.

**Separate Statement of Commissioner Harold W. Furchtgott-Roth****In re: Notice of Proposed Rulemaking and Notice of Inquiry****1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms**

I support adoption of this Notice of Proposed Rulemaking and Notice of Inquiry. In my view, any reduction of unnecessary regulatory burdens is beneficial. To that extent, this item is good and I am all for it. This item should not, however, be mistaken for complete compliance with Section 11 of the Communications Act.

As I have explained previously, the FCC is not planning to "review *all* regulations issued under this Act . . . that apply to the operations or activities of any provider of telecommunications service," as required under Subsection 11(a) in 1998 (emphasis added). *See generally 1998 Biennial Regulatory Review -- Review of Computer III and ONA Safeguards and Requirements*, 13 FCC Rcd 6040 (released Jan. 30, 1998). Nor has the Commission issued general principles to guide our "public interest" analysis and decision-making process across the wide range of FCC regulations.

In one important respect, however, the FCC's current efforts are more ambitious and difficult than I believe are required by the Communications Act. Subsection 11(a) -- "Biennial Review" -- requires only that the Commission "*determine* whether any such regulation is no longer necessary in the public interest" (emphasis added). It is pursuant to Subsection 11(b) -- "Effect of Determination" -- that regulations determined to be no longer in the public interest must be repealed or modified. Thus, the repeal or modification of our rules, which requires notice and comment rule making proceedings, need not be accomplished during the year of the biennial review. Yet the Commission plans to complete roughly thirty such proceedings this year.

I encourage parties to participate in these thirty rule making proceedings. I also suggest that parties submit to the Commission -- either informally or as a formal filing -- specific suggestions of rules we might determine this year to be no longer necessary in the public interest as well as ideas for a thorough review of all our rules pursuant to Subsection 11(a).

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