



REGULATORY FEES FACT SHEET

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

July 2004

WHAT YOU OWE – INTERSTATE TELECOMMUNICATIONS SERVICE PROVIDERS (ITSPs) FOR FY 2004

This *Fact Sheet* provides information for interstate telecommunications service providers (ITSPs) to help them prepare and pay their ITSP regulatory fees. Telecommunications providers typically identify themselves on FCC Form 499-A filings using one or more of the following categories:¹

All Distance -- provides fixed local exchange services and interstate long distance services to end users for a flat rate (may also include intrastate toll).

CAP/CLEC (Competitive Access Provider/Competitive Local Exchange Carrier) -- competes with incumbent local exchange carriers (LECs) to provide local exchange services, or telecommunications services that link customers with interexchange facilities, local exchange networks, or other customers, other than coaxial cable providers.

Coaxial Cable -- uses coaxial cable (cable TV) facilities to provide local exchange services or telecommunications services that link customers with interexchange facilities, local exchange networks, or other customers.

Incumbent LEC -- provides local exchange services. An incumbent LEC generally is a carrier that was at one time franchised as a monopoly service provider. *See* 47 U.S.C. §251(h).

Interexchange Carrier (IXC) -- 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.

Operator Service Provider (OSP) -- serves customers needing the assistance of an operator to complete calls, or needing alternate billing arrangements such as collect calling.

¹ If you timely filed an FCC 499-A, in 2004, you will receive this Factsheet as part of a package that includes a pre-completed FCC Form 159-W that also includes Form 159 information. If the pre-completed information is correct, complete the form and use it to pay your ITSP regulatory fee. If the information is incorrect, you may enter corrections on the pre-completed form rather than completing one of the enclosed blank forms.

Payphone Service Provider -- provides customers access to telephone networks through payphone equipment, special teleconference rooms, etc. Payphone service providers also are referred to as payphone aggregators.

Prepaid Card -- provides prepaid calling card services by selling prepaid calling cards to the public or to retailers. Prepaid 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 can be used by the card.

Private Service Provider -- offers telecommunications to others for a fee on a non-common carrier basis. This would include a company that offers excess capacity on a private system that it uses primarily for internal purposes. This category does not include Specialized Mobile Radio operators.

Shared-Tenant Service Provider /Building LEC -- manages or owns a multi-tenant location that provides telecommunications services or facilities to the tenants for a fee.

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

Other Local and Other Toll Service Providers -- other providers of local exchange or toll services, including private service providers (which offer telecommunications services to others and includes companies that offer excess capacity on a private system that is used primarily for internal purposes) and shared tenant service providers (which manage or own multi-tenant locations that provide telecommunications services or facilities to tenants for a fee.)

In its *FY 1996 Regulatory Fee Report and Order*, the Commission amended its rule regarding the Telecommunications Relay Service Fund administrator to permit the National Exchange Carrier Association (NECA) to process regulatory fees on behalf of its pooling exchange carriers and to submit their consolidated fees to our lockbox bank in a single payment instrument. However, we remind entities subject to regulatory fee payment that the regulatee, not an agent such as NECA, is responsible for ensuring that payment is made, and that there is a penalty for not submitting the entire fee in a timely manner.

Fee Payment Amount and Payment Type Code for ITSPs

Fee Payment Amount: \$0.00218 per dollar of subject revenue

Payment Type Code: 0472

Where to Send Payment:

If you are sending in your payment along with your Form 159-W, and **it has a bill number** on it, please send the form and your payment to:

Federal Communications Commission
Regulatory Fees
P.O. Box 358365

Pittsburgh, PA 15251-5365

If you are sending in your payment along with your Form 159-W, and there is **no bill number** on it, please send the form and your payment to:

Federal Communications Commission
Regulatory Fees
P.O. Box 358835
Pittsburgh, PA 15251-5835

FCC Form 159-W and FCC Form 499-A

Most ITSP providers are receiving this Notice as part of a billing package. The first page of the package consists of a bill that includes a pre-filled FCC Form 159 Remittance Advice Form and a Regulatory Fee Worksheet that shows how the bill was calculated. The bill is based on information that you had previously provided on FCC Form 499-A. Your FCC Form 499-A was due on April 1, 2004. The enclosed FCC prepared Form 159-W is based on the information in your FCC Form 499-A, including any updates processed as of June 30, 2004.

If you agree with the dollar amounts on the enclosed pre-filled FCC Form 159, please sign it and submit it with your payment. If the Applicant's FRN-CORESID or the company's name/address information needs to be filled in or corrected on your enclosed bill, please supply or correct that information on the bill. You need not prepare a separate FCC Form 159.

If your total regulatory fee obligation, including the ITSP fee and other FCC regulatory fees, totals less than \$10, you need not pay or make any filing.

If you received an ITSP Fee Notification rather than a bill, then based on information in your FCC Form 499-A, you do not owe an ITSP fee. Verify the information in the notification. If it is correct, then you need not make a filing.

If you disagree with the dollar amounts on the enclosed bill or if you owe an ITSP regulatory fee but did not receive a bill, you must: (1) complete the enclosed blank FCC Form 159-W and the enclosed blank FCC Form 159, (2) submit these forms to the FCC along with your most recently filed FCC Form 499-A Telecommunications Reporting Worksheet, and (3) pay the amount that you calculate. If you also need to correct your FCC Form 499-A, you must file corrections using the procedures specified in the form instructions. The copy that you enclose with your regulatory fee payment will not be used to update the FCC Form 499-a database.

Question 1. What is the FCC Form 499-A Telecommunications Reporting Worksheet?

As required under the Communications Act of 1934, as amended,² the Commission has established, in a series of separate proceedings, procedures to finance interstate telecommunications relay services (TRS), universal service support mechanisms, administration of the North American Numbering Plan (NANPA), and shared costs of local number portability (LNPA). To accomplish

² 47 U.S.C. §§151, 225, 251, 254.

these Congressional directed objectives, contributions are collected from all telecommunications carriers providing interstate telecommunications and certain other providers of telecommunications. In 1999, the Commission amended its rules so that for the purpose of determining their contribution(s), contributors to these mechanisms need only file the FCC Form 499-A Telecommunications Reporting Worksheet.³ The FCC Form 499-A is filed by interstate service providers each year on April 1. A copy of the form and instructions can be downloaded at <http://www.fcc.gov/formpage.html>.

Question 2. Which companies must file an FCC Form 499-A?

All providers of telecommunications services within the United States, with very limited exceptions, must file an FCC Form 499-A.⁴ 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. As a general matter, each legal entity that provides interstate telecommunications services for a fee, including each affiliate or subsidiary of an entity, must complete separately and file a copy of the FCC Form 499-A. The Commission, however, has adopted an exception to the separate legal-entity requirement, which enables contributors meeting certain criteria to file the FCC Form 499-A on a consolidated basis.

For purposes of determining whether an entity provides telecommunications, please note that 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 "interstate telecommunications" includes, but is not limited to, the following types of services: wireless telephony including cellular and personal communications services (PCS); paging and messaging services; dispatch services; mobile radio services; operator services; access to interexchange service; special access; wide area telecommunications services (WATS); subscriber toll-free services; 900 services; message telephone services (MTS); private line; telex; telegraph; video services; satellite services; and resale services. Note, for example, that all local exchange carriers provide access services and, therefore, provide interstate telecommunications.

Note: entities that offer interstate telecommunications for a fee to the public, even if only to a narrow or limited class of users that utilize their services, must file the FCC Form 499-A and are subject to the universal service contribution requirement. This includes entities that provide interstate telecommunications to entities other than themselves for a fee on a private, contractual basis. In addition, owners of pay telephones, sometimes referred to as "pay telephone aggregators,"

³ 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, CC Docket No. 98-171, Report and Order, 14 FCC Rcd 16602 (1999) (*Contributor Reporting Requirements Order*).

⁴ Section 254(d) applies not only to "every telecommunications carrier that provides interstate telecommunications services" but also to certain "other providers of interstate telecommunications." 47 U.S.C. §254(d) (emphasis added).

must file this worksheet. Most telecommunications carriers must file this worksheet even if they qualify for the *de minimis exemption* under the Commission's rules for universal service.⁵

Question 3. Should all FCC Form 499-A filers also pay ITSP regulatory fees?

No. Interstate service providers that have mobile service or satellite service revenues but that do not have interstate local revenues or interstate toll revenues are exempt. Interstate service providers that provide service to only other carriers are exempt. Governmental entities are also exempt. Entities that are tax exempt under §501 of the Internal Revenue Code are exempt. Carriers whose total regulatory fee payment obligation would be less than \$10 are also exempt. However, the vast majority of FCC Form 499-A filers are required to pay ITSP regulatory fees.

Question 4. Should a carrier make a regulatory fee payment if it has not filed an FCC Form 499-A?

Yes. If a telecommunications carrier provided interstate telecommunications services in 2003, then it should have filed an FCC Form 499-A, and it must also pay the appropriate regulatory fee payments. The FCC Form 499-A was due on April 1, 2004 and should have contained revenue information for calendar year 2003. Carriers who have not yet filed the FCC Form 499-A should contact NECA at (973) 560-4400 in order to obtain a filing package and to be assigned a 6-digit Filer 499 ID number. If a carrier has forgotten its Filer 499 ID, it may contact the Universal Service administrator at (973) 560-4400, or it may access the Commission's online carrier *Locator*: <http://gullfoss2.fcc.gov/cib/form499/499a.cfm> .

Question 5. What types of revenues are reported on the FCC Form 499-A?

The FCC Form 499-A requires filers to disclose all revenues from all goods and services, including revenues from non-regulated and non-telecommunications services. Detailed information is submitted for telecommunications services provided to other carriers, for telecommunications provided to end users, and for other goods and services. The detailed information is used to classify revenues. Only certain revenues are subject to the ITSP regulatory fee.

⁵ See *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Administration of the North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Further Notice of Proposed Rulemaking and Report and Order, 17 FCC Rcd 3752 (2002).

Question 6. When calculating the ITSP regulatory fee, what kind of costs can be deducted from revenues that appear on FCC Form 499-A?

None. The ITSP regulatory fee is based on interstate and international end-user revenues for local and most toll services. Other types of revenues provided on FCC Form 499-A are excluded. Filers are not allowed to deduct any expenses from subject end-user revenues.

Question 7. Where can I call to get help calculating my ITSP regulatory fee?

Call the FCC CORES Help Desk at (877) 480-3201, and select Option 4.

Do not complete this form if you have received an ITSP bill and the amounts are correct. File that form, instead.

**FCC FORM 159-W
INTERSTATE TELEPHONE SERVICE PROVIDER WORKSHEET**

Payer Name:		Filer 499 ID (FCC Form 499-A, Line 101):
Calendar Year 2003 Revenue Information (show amounts in whole dollars)		
1	Service provided by U.S. carriers that both originates and terminates in foreign points. FCC Form 499-A, Line 412 (e)	
2	Interstate end-user revenues from all telecommunications services. FCC Form 499-A, Line 420 (d)	
3	International end-user revenues from all telecommunications services except international-to-international. FCC Form 499-A, Line 420 (e)	
4	Total end-user revenues (Sum of lines 1, 2 and 3) Also enter this number on Block (28A) - FCC Code 1.	
5	End-user interstate mobile service monthly and activation charges. FCC Form 499-A, Line 409 (d)	
6	End-user international mobile service monthly and activation charges. FCC Form 499-A, Line 409 (e)	
7	End-user interstate mobile service message charges including roaming charges but excluding toll charges. FCC Form 499-A, Line 410 (d)	
8	End-user international mobile service message charges including roaming charges but excluding toll charges. FCC Form 499-A, Line 410 (e)	
9	End-user interstate satellite services. FCC Form 499-A, Line 416 (d)	
10	End-user international satellite services. FCC Form 499-A, Line 416 (e)	
11	Surcharges on mobile and satellite services identified as recovering universal service contributions and included in Line 403 (d) or 403 (e) on your FCC Form 499-A. Note: You may not include in Block (11) universal service pass-through surcharges applied to local or toll services, nor any surcharges identified as intrastate surcharges.	
12	Interstate and international revenues from resellers that do not contribute to USF. FCC Form 499-A, Line 511 (b)	
13	Total excluded end-user revenues. (Sum lines 5 through 12.) Also enter this number on Block (29A) – FCC Code 2.	
14	Total subject revenues. (Line 4 minus Line 13) Also enter this number on Block (25A) – Quantity.	
15	Interstate telecommunications service provider fee factor	.00218
16	2003 Regulatory Fee (Line 14 times Line 15). Also enter this number on Block (27A) – Total Fee. You are exempt from filing if the sum of all regulatory fees due on Line 16 is less than \$10. If you file, using this form, you must also complete an FCC Form 159, and include a copy of this FCC Form 159-W with your filing.	

**APPROVED BY OMB
3060-0949**

FCC NOTICE TO INDIVIDUALS REQUIRED BY THE PAPERWORK REDUCTION ACT

The public reporting for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the required data, and completing and reviewing the collection of information. If you have any comments on this burden estimate, or how we can improve the collection, please write to the Federal Communications Commission, AMD-PERM, Paperwork Reduction Project (3060-0949), Washington, DC 20554. We will also accept your comments via the Internet if you send them to jboley@fcc.gov. PLEASE DO NOT SEND COMPLETED FORMS TO THIS ADDRESS.

You are not required to respond to a collection of information sponsored by the federal government, and the government may not conduct or sponsor a collection, unless it displays a currently valid OMB control number. This collection has been assigned an OMB control number of 3060-0949.

THE FOREGOING NOTICE IS REQUIRED BY THE PAPERWORK REDUCTION ACT OF 1995, P.L. 104-13, OCTOBER 1, 1995, 44 U.S.C. SECTION 3507.

**FCC FORM 159-W
July 2004**

Special Instructions for Completing FCC Forms 159 and 159-C

In addition to the general FCC Form 159 filing instructions in the *FY 2004 Regulatory Fees Public Notice*, the following information applies specifically to ITSP regulatees:

Block (2) - Payer Name:

- Enter the legal name of the entity that is actually submitting the payment. This may be the name of the interstate telecommunications service provider (applicant) that owes the regulatory fee or the name of an entity that is making payment on behalf of the applicant.

Block (9) - Telephone Number:

- Enter the contact name and telephone number of the specific individual responsible for submitting the payment and supporting FCC Form 159 and FCC Form 159-C.

Block (11) - Payer FRN:

- Enter the FRN of the entity identified in Block (2).

Block (21) - Applicant FRN:

- If different from payer, enter the applicant's FRN number.

Block (23A) - FCC Call Sign/Other ID:

- ITSPs should enter their Filer 499 ID number (FCC Form 499-A, Line 101.)

Block (24A) - Payment Type Code:

- Enter 0472 when paying for an ITSP regulatory fee (\$0.00218 per revenue dollar.)

Block (25A) - Quantity:

- First complete Blocks (28A) (FCC Code 1) and (29A) (FCC Code 2) on FCC Form 159. (See instructions below.)
- ITSPs should subtract the amount in Block (29A) (FCC Code 2) from the amount in Block (28A) (FCC Code 1) and enter the Telecommunications Reporting Worksheet end-user revenues. This should equal the amount reported on Line 14 of the FCC Form 159-W.

Block (27A) - Total Fee:

- For ITSP regulatory fees (payment type code 0472), multiply the amount in Block 25A (Quantity) by \$0.00218. This amount should equal the amount reported on Line 16 of the FCC Form 159-W. **Enter exact dollars and cents; do not round.**

Block (28A) - FCC Code 1:

- For ITSP regulatory fees (payment type code 0472), enter the total end-user revenues. This amount should be the same as Line 4 of the FCC Form 159-W. **Enter exact dollars and cents; do not round.**

Block (29A) - FCC Code 2:

- For ITSP regulatory fees (payment type code 0472), the amount entered in Block (29-A) should equal the amount reported on Line 13 of the FCC Form 159-W. This amount is excluded from the interstate and international end-user revenues that are used to calculate the telephone service provider fee. Exclusions are limited to:

- Interstate and international end-user revenues from mobile services;
- Interstate and international end-user revenues from satellite services;
- Interstate and international end-user revenues from services provided to resellers that do not contribute to USF; and
- The interstate and international portion of any universal service pass-through surcharges levied on the interstate and international end-user revenues from the above revenues (i.e. mobile services, satellite services, and services provided to resellers that do not contribute to USF).
- The interstate and international end-user revenues reported on Line 511 of the FCC Form 499-A.

Certification:

- Provide the printed name and signature of an individual owner/licensee or officer attesting to the accuracy and completeness of the information supplied.

Please include a daytime telephone number so that we can contact you if questions arise regarding your payment.

- FCC -