

WC DOC 06-122

January 15, 2015

USAC – Letter of Appeal
Billing, Collections & Disbursements
2000 L Street NW, Suite 200
Washington, DC 20036

FCC
445 12th St. SW
Washington, DC 20554
LETTER OF APPEAL

In Reference to:
City of Burlington, dba Burlington Telecom
Filer ID# 824302
Contact: Vivian Pilot, BT, Interim Controller
vpilot@burlingtontelecom.com
cell: 603 860 5390

Received & Inspected

JAN 23 2015

BUCKET FILE COPY ORIGINAL

FCC Mail Room

To whom it may concern:

I am sending this letter to both entities as there is confusion when I call for advice/information as to which agency I should address this appeal. The appeal is two-fold and is a culmination of over a year's worth of requests for E-rate reimbursement, filings of 499A's in order to get into compliance to receive refunds and subsequent high assessment of USAC contributions based on erroneous filings due to the lack of knowledge of how the USAC assessment works.

At the present time, USAC has assessed BT for 243,577.16 for 2013 499A. It is now in collection with CBE Group via the Federal Communications Commission.

BT has come to the realization that it needed to hire a consultant to navigate them through the rules and regulations and how to properly file the 499A. All filings made were based on advice given over the phone by USAC and clearly there was some misinterpretation of the advice. In November, BT hired GSAssociates out of Atlanta, GA to help define the process and train on the proper way to file the forms and classify the telephone revenue properly.

This appeal is to extend the 2013 499A revision deadline so that BT can file correctly based on the guidance from GSAssociates. Until that is done, an accurate and fair assessment of what is due to the USAC is not possible. It is also our hope that the amount placed with the credit agency (copy attached) due based on an erroneous filing could be put on hold until the correct amount is determined. Burlington Telecom is a 20 employee outfit that only serves the City of Burlington, VT. It does not have the means to make the payment requested at this time.

Please call me at your earliest convenience to discuss next steps.

Vivian Pilot

Cc: Beth Brandenstein, GSAssociates
Dawn Monahan, Controller, BT
Ann Barton, Chief Accountant, City of Burlington

No. of Copies rec'd 091
List ABCDE



Corporate Address: 1309 Technology Pkwy, Cedar Falls, IA 50613
 Hours of Operation: 9:00 a.m.- 5:00 p.m. CT Monday-Friday

CALL: (866)895-4766

ORIGINAL CREDITOR: Fed Communications Commission

Debt Identification Number:	2014344346A
Principal Balance:	\$49,161.13
Interest:	\$1,236.34
Penalty:	\$1,099.04
Fees:	\$14,419.03
Current Debt Balance:	\$65,915.54

Dear CITY OF BURLINGTON:

12/29/14

This letter serves as official notice that your past due account has been referred to The CBE Group, Inc. (CBE). CBE is a private collection agency that has been contracted with by the U. S. Department of the Treasury, Bureau of the Fiscal Service to collect your outstanding balance in accordance with the Debt Collection Improvement Act of 1996.

Due to your failure to honor this obligation, the entire balance of your account is due. Pursuant to the policy of the creditor:

- Your account may have been reported to the credit bureaus, which could be detrimental when attempting to obtain credit in the future.
- Depending on your creditor agency, the Department of the Treasury may be authorized to offset future eligible government payments such as income tax refunds, government contract funding, social security pension and other financial assistance provided by the government.
- Should you not resolve your debt, your debt may be reviewed for possible referral by Bureau of the Fiscal Service to the U.S. Department of Justice for legal action.

As of the date of this letter, you owe \$65,915.54. Because of interest and other charges assessed by your creditor that may vary from day to day, the amount due on the day you pay may be greater. Thus, if you pay the total amount due shown above, an adjustment may be necessary after the U.S. Department of the Treasury receives your check, in which event we will inform you.

Please pay the total amount due of \$65,915.54. To ensure proper credit, please note your debt identification number, name and address on your check and mail it with the bottom portion of this letter in the enclosed envelope. If you are financially unable to pay the full balance at this time, please call us to discuss payment options. We can be reached at (866)895-4766 or by email at FDRcustomerservice@cbegroup.com.

This is an attempt to collect a debt; any information obtained will be used for that purpose.
 This communication is from a debt collector.

Please call our office with any change in your name, address or phone number.

190CDBEG100702

PLEASE DETACH AND RETURN WITH ENCLOSED ENVELOPE

PO BOX 2040
 WATERLOO, IA 50704-2040
 CHANGE SERVICE REQUESTED

IF PAYING BY CREDIT CARD, FILL OUT BELOW		
CARD NUMBER	EXP DATE	CHECK CARD USING FOR PAYMENT
SIGNATURE		<input type="checkbox"/> VISA <input type="checkbox"/> MASTERCARD <input type="checkbox"/> DISCOVER
ACCOUNT #: 2014344346A	DATE: 12/29/14	<input type="checkbox"/> CHECK 21 <input type="checkbox"/> Debit Club International
PLEASE PAY THIS AMOUNT: \$65,915.54	AMOUNT ENCLOSED:	
Do not send cash Note your debt identification number on your check Make checks payable to US Department of the Treasury Return this portion with your payment		12/29/14 CALL: (866)895-4766 CS Number: 10-00683012

0702 478859866

 CITY OF BURLINGTON
 149 CHURCH ST
 BURLINGTON, VT 05401

FMS DMS CBE GROUP INC. (CGI)
 PO BOX 979110
 ST. LOUIS, MO 63197-9000

979110 2014344346A 0006591554 2



Universal Service Administrative Company
Helping Keep Americans Connected

Filer 499 ID: 824302
 Invoice Number: UBDI0000707031
 Statement Date: 07/22/2014
 New Balance: \$ 49,161.13
 Payment Due Date: 08/15/2014
 Amount Enclosed:

City of Burlington
 Attention: Vivian Pilot
 149 Church St,
 Burlington, VT, 05401

Mail Payment To:
 Universal Service Administrative Company
 PO Box 105056
 Atlanta, GA 30348-5056

Address Change? See reverse side for instructions.

If paying for multiple Filer 499 IDs, please check here and complete form on back.

Send top portion of statement with payment in enclosed envelope. Keep bottom portion for your records.

STATEMENT OF ACCOUNT

Date	Description	Charges	Credits
	Previous Balance		(\$69,306.36)
07/15/2014	Support Mechanism Charges	\$1,113.70	
07/15/2014	Support Mechanism Adjustment - 2014 499A	\$56,459.50	
07/15/2014	Support Mechanism Adjustment - 2013 499A	\$60,894.29	
TOTAL OUTSTANDING USAC BALANCE AS OF 7/15/2014		\$49,161.13	

8/6/14 - spoke Chen Yen Chin - will recalculate and get back to me.
 BT is collecting .157 of telephone line cost

Transactions occurring after 07/15/2014 are not reflected on this statement.

Under the Debt Collection Improvement Act of 1996 (Pub. L. 104-134) (DCIA), your BALANCE DUE is a demand that you pay a DEBT owed to the United States on or before the DUE DATE. If the DUE DATE is non-business day, payment must be received the business day before that date. Any portion of the DEBT unpaid after the DUE DATE is a DELINQUENT DEBT, which may result in sanctions, including interest, penalties, and administrative charges. Failure to file a Telecommunications Worksheet may result in a late filing fee DEBT added to your BALANCE DUE. Read the reverse of this Invoice for important information about those sanctions and your legal rights and obligations.

Statement Date	Invoice Number	Filer 499 ID	Balance Due USAC						
07/22/2014	UBDI0000707031	824302	\$ 49,161.13						
FORM 499Q DATA		PAYMENT INFORMATION							
This month's support mechanism charges were calculated using an FCC contribution factor of 0.157000 and the following revenue data: <table border="0"> <tr> <td colspan="2" style="text-align: center;"><u>May 2014 499Q</u></td> </tr> <tr> <td style="text-align: right;">120b</td> <td style="text-align: right;">\$20,908.92</td> </tr> <tr> <td style="text-align: right;">120c</td> <td style="text-align: right;">\$3,692.06</td> </tr> </table> If the figures do not correspond with your records, please contact USAC Customer Service at 888-641-8722		<u>May 2014 499Q</u>		120b	\$20,908.92	120c	\$3,692.06	All payments received (regardless of specific instructions) will be applied to your outstanding USAC balance in historical order as outlined in FCC order 07-150. Please remit ACH payments in a CCD+ format to ABA #071000039, Account #5590045653. All Wire Transfers should be sent to ABA #026009593, DDA (or Account) #5590045653. Payments must include your Company Name, Filer 499 ID, and Invoice Number to ensure timely posting.	
<u>May 2014 499Q</u>									
120b	\$20,908.92								
120c	\$3,692.06								

IMPORTANT LEGAL INFORMATION ABOUT YOUR ACCOUNT AND YOUR RIGHTS AND OBLIGATIONS

1. DEMAND FOR PAYMENT, DUE DATE & DELINQUENCY. Under 31 U.S.C. §3701, C.F.R. §901.2 and 47 C.F.R. §1.1911, this is a First Demand for Payment of your **BALANCE DUE**, which is a DEBT owed to the United States. Any portion of that amount unpaid after the **PAYMENT DUE DATE** (i.e., the **DATE OF DELINQUENCY**) is a **DELINQUENT DEBT** for which USAC and the FCC may take **COLLECTION ACTION** against you as a **DELINQUENT DEBTOR**. Under 31 U.S.C. §3717, we will assess interest, penalties and administrative charges (below), from the **DATE OF DELINQUENCY**, and if the DEBT remains delinquent, we will refer the matter to the Secretary of the Treasury (Treasury) or the Department of Justice (Justice). **COLLECTION ACTION** may also include judicial enforcement by Justice and/or administrative action by the FCC or Treasury, e.g.: administrative offset, denial of certain federal benefits, and/or referral to private collection attorneys, any or all of which may incur additional charges. Under 31 U.S.C. §3716, the United States may collect the debt by administrative offset. In addition, the USAC and the FCC will withhold action on any pending application (Red Light) made by a **DELINQUENT DEBTOR**, and the delinquency will be reported to credit-reporting agencies. You may learn more about the DCIA by reading 31 U.S.C. §§3701, 3711, 3716, 3717, and 3720B, the Federal Claims Collection Standards (e.g., 31 C.F.R. §900.1, et seq.), and 47 C.F.R. §1.1901, et seq.

2. RECORD REVIEW. If you believe the amount of the **BALANCE DUE** is in error, you may ask to inspect, or for USAC to review, the records relevant to this invoice, by submitting, within 15 days of this invoice date, a written request for inspection or review specifying the nature of the error(s) to **CUSTOMER SERVICE**. If you wish to appeal this invoice, you may file an appeal within 60 days of the statement date on the invoice pursuant to the requirements of 47 C.F.R. Part 54, Subpart I. Detailed instructions for filing appeals are available at <http://www.usac.org/about/program-integrity/appeals.asp>

3. PAYMENT PLAN. If you are unable to pay the **BALANCE DUE** in full, you may request a written payment plan agreement, the terms of which will require interest and administrative charges.

4. CONSEQUENCES IF YOU DO NOT PAY THE FULL BALANCE DUE. A failure to submit payment may result in sanctions, including, but not limited to, administrative or judicial proceedings to recover the **DELINQUENT DEBT**, and all accrued administrative charges, penalties, and interest, as set forth below.

INTEREST, PENALTIES, AND CHARGES. Interest at the annual rate equal to the U.S. prime rate as of the **DATE OF DELINQUENCY** plus 3.5 percent accrues from that **DATE** until the **DEBT** is paid in full. This interest rate incorporates administrative charges of collection pursuant to 47 C.F.R. §54.713. Moreover, a penalty of 6 percent a year accrues on any part of the **DEBT** that is more than 90 days **DELINQUENT**. If the **DEBT** remains unpaid, the full amount of the **DELINQUENT DEBT**, plus accrued interest and penalties, may be transferred to the Treasury or Justice for **COLLECTION ACTION**, and you will be required to pay the administrative costs of processing and handling a **DELINQUENT DEBT** as set by the Treasury (currently 28 percent of the debt). However, if you pay the full amount of the **DELINQUENT DEBT** and associated administrative fees within 30 days of the due date, the interest will be waived. These requirements are set out at 31 U.S.C. §3717.

5. LATE FILING FEES FOR INCOMPLETE OR LATE-FILED WORKSHEETS. Telecommunications Reporting Worksheet (Worksheet) Forms 499-Q or 499-A must be received on Feb 1, Apr 1 (499-A), May 1, Aug 1, and Nov 1. A Worksheet not received when due is **DELINQUENT**, and if more than 30 days **DELINQUENT**, USAC will assess a **LATE FILING FEE** equal to the greater of \$100 per month or an amount computed using the rate of the U.S. prime rate (in effect on the date the applicable Worksheet is due) plus 3.5 percent applied to the amount due per an invoice calculated by USAC. The **LATE FILING FEE** will be included in the **BALANCE DUE**. Any portion of the **LATE FILING FEE** unpaid after the **DUE DATE** will be **DELINQUENT** and subject to DCIA procedures discussed above, including **INTEREST, PENALTIES, and CHARGES**.

If you fail to file your Worksheet and to pay your contribution, interest will accrue on the greater amount due from the earliest date of the failure to file or to pay your contribution.

Payment for Multiple 499 Filer IDs

If paying for more than one Filer 499 ID, complete the form at (<http://www.usac.org/res/documents/cont/pdf/payments/USACPaymentIdentificationForm.pdf>) and **submit one copy with the payment coupon(s) for each ID.** You may not apply a credit balance from one Filer 499 ID to pay a balance due on another Filer 499 ID. If you are submitting an electronic payment, please send your worksheet by fax or e-mail to **CUSTOMER SERVICE**.

Filer 499 ID	Invoice Number	Amount
1		\$
2		\$
3		\$
4		\$
5		\$
TOTAL AMOUNT		\$

The **Total Amount** must equal the total of all checks submitted. **NOTE:** By using this worksheet, you certify that payment made on behalf of another filer is in consideration of fair value on behalf of the payer, and the funds will not be reallocated, reapplied, or returned in the event of insolvency or bankruptcy.

How to Make Payments

Include the company name, filer 499 ID, and invoice number with all payments to avoid late payment charges and FCC Red Light action.

Make checks payable to:
USAC, P.O. Box 105056, Atlanta, GA 30348-5056

Address payments sent by an overnight mail service to:
USAC, c/o Bank of America (105056), 1075 Loop Road, Atlanta, GA 30337: (404) 209-6377.

Electronic payments:
Please remit ACH payments in a CCD+ format to ABA #071000039, DDA (or Account) #5590045653.

All Wire Transfers should be sent to ABA #026009593, DDA (or Account) #5590045653. U.S. Dollar Foreign Currency Wire Transfers should use SWIFT code and address of BDF AUS3N.

Change of Invoice Billing Address

To change your USAC invoice billing address, send **CUSTOMER SERVICE** (below) your written request on company letterhead signed by a company officer with a revised FCC Form 499 (<http://www.usac.org/about/tools/forms.asp>).

Change of Address for Disbursements and Remittances

To change your disbursement or remittance information address, send USAC, FCC Form 498, 2000 L Street, NW, Suite 200, Washington, DC 20036, your written request on company letterhead signed by a company officer with a completed a Form 491 (<http://www.usac.org/about/tools/forms.asp>).

CUSTOMER SERVICE will respond to matters involving:

- Universal Service Fund invoices (including change of address and errors)
- USAC disbursements (remittances, checks and ACHs)
- Form 498 and SPIN issues
- FCC Form 499 and revenue reporting issues.

Contact **CUSTOMER SERVICE** at:

USAC Billing and Disbursement
2000 L Street, NW
Suite 200
Washington, DC 20036

Phone: (888) 641-8722
Fax: (888) 637-6226
E-mail: customersupport@usac.org
Web: www.usac.org



Filer 499 ID: 824302
 Invoice Number: UBDI0000707031
 Statement Date: 07/22/2014

DETAILED SUMMARY OF CHARGES AND CREDITS

SUPPORT MECHANISM CHARGES

Your monthly support mechanism charges were calculated according to the following formulas:

Quarterly Contribution Base

The quarterly contribution base is a portion of your quarterly revenue that USAC considers when determining your quarterly Universal Service Fund contribution. The quarterly contribution base equals your interstate plus international revenue. Your current quarterly contribution base equals:

$$\frac{\$ 20,908.92}{\text{Interstate Revenue (Line 120B)}} + \frac{\$ 3,692.06}{\text{International Revenue (Line 120C)}} = \frac{\$ 24,600.98}{\text{Quarterly Contribution Base}}$$

Adjusted Quarterly Contribution

USAC adjusts carriers' quarterly contribution bases by the amount that they are expected to contribute in that quarter. The calculation for an adjusted contribution amount is as follows, and takes into account the circularity deduction:

$$\frac{\$ 24,600.98}{\text{Quarterly Contribution Base}} * \frac{0.157000}{\text{FCC Contribution Factor}} = \frac{\$ 3,862.35}{\text{Unadjusted Contribution}}$$

$$\frac{\$ 3,862.35}{\text{Unadjusted Contribution}} - \left(\frac{\$ 3,862.35}{\text{Unadjusted Contribution}} * \frac{0.134953}{\text{FCC Circularity Factor}} \right) = \frac{\$ 3,341.11}{\text{Adjusted Contribution}}$$

De Minimis Eligibility

Carriers whose expected annual contribution is less than \$10,000 are considered de minimis and are exempted from paying into the Universal Service Fund. To be exempt, a carrier must meet the de minimis criteria on both the current 499A and 499Q forms.

You meet the de minimis criteria on neither the 499A or the current 499Q. Therefore, you are not eligible for the de minimis exemption during the current quarter.

Your eligibility was calculated using the contribution factors established by the FCC for determining de minimis status on each form:

499A:

$$\frac{\$ 1,355,265.83}{\text{499A Contribution Base}} * \frac{0.148000}{\text{FCC Estimated Annual Factor}} = \frac{\$ 200,579.34}{\text{Estimated 499A Contribution}}$$

499Q:

$$\frac{\$ 3,341.11}{\text{Adjusted Contribution}} * 4 = \frac{\$ 13,364.46}{\text{Estimated 499Q Contribution}}$$

For more information on the FCC estimated annual factor, please see the Form 499A Instructions. For more information on the current FCC contribution factor, visit the FCC website at www.fcc.gov.

Support Mechanism Charges

Your total monthly contribution is determined by multiplying one-third of your adjusted quarterly contribution base by the current quarter's FCC contribution factor.

$$\frac{1}{3} * \frac{\$ 3,341.12}{\text{Adjusted Quarterly Contribution}} = \frac{\$ 1,113.71}{\text{Total Monthly Contribution}}$$



Filer 499 ID: 824302
 Invoice Number: UBDI0000707031
 Statement Date: 07/22/2014

Interest & DCIA Penalties

A DELINQUENT DEBT incurs interest at the annual rate equal to the U.S. prime rate as of the DATE OF DELINQUENCY plus 3.5 percent from that DATE until the DEBT is paid in full. Any portion of the DEBT unpaid more than 90 days, incurs a penalty of 6 percent a year from the DATE OF DELINQUENCY. The reverse of the Invoice provides more information on interest, penalties, and administrative charges.

Payments & Credits Applied

Description - Debt Due Date	Principal	Payment/ Credit Date	Interest Rate	Days Late	Additional Interest (B* (D/365)*E)	Accrued Interest	Total Interest (F+G)	Payment & Credits Applied	Interest Outstanding	Principal Outstanding
A	B	C	D	E	F	G	H	I	J	K
UBDI0000707031 - 8/15/2014	\$118,467.49	7/15/14	0.00%	0	\$0.00	\$0.00	\$0.00	(\$69,306.36)	\$0.00	\$49,161.13
Outstanding Items										
UBDI0000707031 - 8/15/2014	\$49,161.13		0.00%	0	\$0.00	\$0.00	\$0.00		\$0.00	\$49,161.13
					\$0.00			(\$69,306.36)	\$0.00	\$49,161.13
								Principal Outstanding		\$49,161.13
								Interest & Penalties		\$0.00
								Total Amount Due		\$49,161.13

Vivian Pilot

From: Customer Support [bcd.customerservice@usac.org]
Sent: Wednesday, July 23, 2014 11:57 AM
To: Vivian Pilot
Subject: 2014 A/Q True Up Calculations

Follow Up Flag: Follow up
Flag Status: Flagged



2014 FCC Form 499-A True Up Calculation

7/23/2014

Company: City of Burlington - 824302

Billing Contact: Vivian Pilot

Billing Email Address: vpilot@burlingtontelecom.com

USAC has calculated the 2014 Annual/Quarterly FCC Form 499 True Up (A/Q True Up) for calendar year 2013 based on the actual revenues reported by City of Burlington (Filer) on its 2014 FCC Form 499-A or, if the Filer did not file a 2014 FCC Form 499-A, based on a USAC estimate. Based on USAC's calculation, USAC has determined that the Filer was not *de minimis* for calendar year 2013 and, therefore, was required to directly contribute to the federal Universal Service Fund during calendar year 2013. Further, USAC has determined that the actual revenue reported by the Filer on its 2014 FCC Form 499-A was more than the Filer's forecasted revenues reported on its corresponding FCC Forms 499-Q. This difference in actual verses forecasted revenue has resulted in 2014 A/Q True Up adjustment, which will appear on the Filer's July, August, and September 2014 invoices. The 2014 A/Q True Up factors and most recent calculation appear below.

Please note that for FCC Form 499-A revisions, the amount reflected on the Filer's invoice will be the net difference between the previous 2014 A/Q True Up calculation and the revised 2014 A/Q True Up calculation.

General annual A/Q True Up information is located at <http://www.usac.org/cont/invoices/true-up.aspx>.

If you have any questions, please call Customer Support at 888-641-8722 or e-mail them at customersupport@usac.org.

Sincerely,

USAC

2014 499A True-Up Calculation

Step 1: Determine the FCC Form 499-A base.

499-A Interstate	499-A International	Final 499-A Base
\$1,315,708.37	\$39,557.46	\$1,355,265.83
98,153.37	25,616.46	

Step 2: Determine the FCC Form 499-Q base.

Filing	499-Q Interstate	499-Q International	Final 499-Q Base
Q1: Nov 12	\$22,898.11	\$4,487.56	\$27,385.67
Q2: Feb 13	\$25,508.56	\$4,436.05	\$29,944.61
Q3: May 13	\$28,820.23	\$3,985.37	\$32,805.60
Q4: Aug 13	\$22,236.09	\$4,315.75	\$26,551.84
	Total 499-Q Base		\$116,687.72

1 - A "1" next to any filing name signifies that the Filer's international revenues were not used to determine the Filer's federal Universal Service contribution base for the applicable quarter, no charges were assessed to the Filer on its international revenue during the applicable quarter, and the international revenue reported on the applicable filing was not used in USAC's A/Q True Up calculation.

2 - A "2" next to any filing name signifies that no federal Universal Service charges were assessed to the Filer during the applicable quarter, and that revenue reported on the applicable filing was not used in USAC's A/Q True Up calculation.

Step 3: Subtract the Total FCC Form 499-Q base from the Final FCC Form 499-A base to determine the True-Up Base.

Final 499-A Base	Total 499-Q Base	True Up Base
\$1,355,265.83	\$116,687.72	\$1,238,578.11
(Final 499A Base - Total 499Q Base)		

Step 4: Identify the Contribution and Circularity Factors.

Contribution Factor	Circularity Factor
0.15850	0.137209

Step 5: Calculate the Total True-Up Adjustments (debits or credits).

Total True Up Adjustment
\$169,378.50
(True Up Base * Contribution Factor) - (True Up Base * Contribution Factor * Circularity Factor)
196,314.63 - 26,936.13 = 169,378.50

Step 6: Divide the Total True-Up Adjustment by 3 to arrive at the Monthly True-Up Adjustment for the current quarter.

Monthly True Up Adjustment
\$56,459.50
(Total True Up Adjustment / 3 months)