

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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OCT 30 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
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

COMMENTS OF THE
UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

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October 30, 1998

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COMMENTS

The Universal Service Administrative Company (USAC)¹ herein files its comments responding to the Commission's *Notice of Proposed Rulemaking and Notice of Inquiry* (NPRM and NOI) in the above captioned matter.²

I. Introduction

In the NPRM and NOI the Commission proposes to consolidate and streamline filing and reporting requirements associated with the administration of different industry programs. The Commission proposes, *inter alia*, to adopt a uniform schedule and location for filing of contribution data, encourage electronic filing of worksheets, harmonize procedures for future changes to the proposed worksheet, and authorize administrators to share contributor data with certain restrictions. In the NOI portion of the proceeding, the Commission asks for input on the

¹ USAC is a private Delaware not-for-profit corporation. Pursuant to the Commission's Part 69 rules (47 C.F.R. Part 69), USAC administers the universal service support mechanisms for high-cost areas and low-income consumers, and the billing, collecting, and disbursing of all universal service funds. USAC files these comments only as they relate to administrative matters relating to the universal service support mechanisms. USAC is governed by a board of directors which includes a broad representation of both industry and non-industry interests. Recently USAC, the Schools and Libraries Corporation (SLC) and the Rural Health Care Corporation (RHCC) submitted a Plan of Reorganization to the FCC under which SLC and RHCC would be consolidated within USAC in an effort to streamline administrative work and expenses.

² 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, *Notice of Proposed Rulemaking and Notice of Inquiry*, FCC 98-233, CC Docket No. 98-171, (rel. Sept. 25, 1998) (NPRM or NOI).

feasibility and desirability of adopting other means to reduce contributor burdens, including possible use of a single billing and collection administrator for all the cost recovery mechanisms.

II. Consolidation of Contributor Reporting Requirements Should Reduce Administrative Costs and Produce a More Accurate Funding Base.

A. Uniform Schedule and Location for Filing

The proposed introduction of a unified Telecommunications Reporting Worksheet will produce a more efficient administrative process. Consolidation of data review will free up resources currently devoted to data entry for use in data verification and validation, as well as free up resources for filing enforcement including non-responder follow-up and the locating of companies that never filed before. The ultimate result of this process will be to produce a more accurate funding base for all industry programs.

USAC believes the April 1 filing date leaves the minimal amount of time before USAC must file its Third Quarter fund and contribution base projections with the Commission,³ but recognizes that an earlier date would place an even greater hardship on carriers. USAC notes it recently adopted a Late Filing Penalty, consistent with Part 54.713 of the Commission's Rules.⁴ USAC took this step in an effort to encourage companies to timely file the worksheet so it can file accurate revenue contribution bases and perform preliminary revenue analysis prior to submitting the quarterly filings. Applicable to the March 31, 1999, data collection and subsequent periods, the penalty imposes a charge of 0.00005 of the carriers total end-user billed revenue with a minimum penalty of \$100 and a maximum of \$5000. The USAC Board committed to re-evaluate this penalty at a future date to ensure it was meeting its objective. The penalty may be waived upon the showing of good cause.

³ See 47 C.F.R. § 54.709(a)(3).

⁴ *Id.* at § 54.713.

B. Sharing of Contributor Data by the Administrators

Authorizing information sharing between administrators will allow for the consolidation of data entry, data review, and audit functions, and increase the reliability of the data collected. USAC agrees with the proposal to limit such sharing arrangements to ensure proprietary information is not used for any improper purpose.

C. Electronic Filing

USAC believes that electronic filing of information will ultimately reduce costs for both carriers and the administrators and pledges to work with all parties to help in the development of electronic filing mechanisms which will reduce burdens and costs on all parties, including the associated accessibility issues. USAC notes that additional costs and time will be required if the Commission requires the ability for carriers to view already filed worksheets “on-line.” There are alternatives to the on-line viewing of previous submissions which will minimize the possibility of improper disclosure of carrier proprietary information, and meet the Commissions goals. In addition, USAC notes that any solution based on custom software would require significant resources for distribution, both initially and with every update.

D. The Commission Should Minimize the Burden on Carriers by Requiring them to Provide Only Their Revenue Information

USAC encourages the Commission to refine the form to minimize the burden on carriers so that they only have to input revenue information, and do not have to perform any calculations, such as percentages or calculations of contributions. The relevant administrator can do any of the required calculations.

E. Addition of Line 232 Column C

The Commission should consider adding a column total to help the administrators. The addition of Line 232 Column C would add a mechanism to check between data entry and the actual form. Lines 203 through 214 are not a part of the contribution base, therefore the revenues

on those lines are not included in the Line 230 contribution base subtotal. Column A of Lines 203 through 214 include the Gross Billed revenue total on Line 232, so if there was a data entry error, the company's Line 232 would not match up with the computer's Line 232. If there was a data entry error in column C, there is no way of looking at one total line to flag the problem. If Line 232 (Gross billed) also had a total in Column C, there would be an immediate way of verifying all Column C data entry.

F. Cost Allocation

A mechanism for the allocation of costs among the respective program administrators should be adopted. Currently Form 457 collects just over 50 fields of information and just over half of the fields collect revenue information for use in the calculation of the contribution factor for the program. Proposed Form 499 collects more than 400 fields of information, less than 30 of which collect revenue information for use in the calculation of the contribution factor for the Universal Service program.

A cost allocation mechanism for sharing the data collection, processing, and system costs needs to be developed that equitably assesses charges to each program. Common costs include the duplication and transmission of forms to the carriers, entry, verification, and validation of data items necessary for all the programs including contact information, and information required by the FCC not germane to any of the programs. Costs related to the entry, verification, and validation of items related to specific programs could be allocated to each program.

G. Administrator of Consolidated Worksheet

Finally, USAC welcomes the opportunity to perform the data administration tasks for all the programs. As the administrator with the largest number of carriers and contributions, USAC is in the best position to perform this task and is willing to assume this role for the industry.

III. The Commission Should be Cognizant of Additional Costs and Burdens Associated with the Use of a Single Billing and Collection Administrator.

If the Commission chooses to consolidate the billing and collection functions, as proposed in the NOI, the Commission should also consider the following information.

There are significant differences between the contribution mechanisms of the various programs which make combining the billing and collection functions a difficult proposition. For example, the TRS program has a minimum contribution requirement and requires initial payment prior to an invoice being put on the account, while the Universal Service program exempts *de minimis* carriers and invoices carriers before requiring payment. If the Commission chooses to consolidate the billing and collection function, the Commission may want to consider a consistent billing and collection methodology.

The Commission should consider how the administrator should allocate funds if it adopts a rule permitting payment by a single check for all the programs. Under the current proposal, since the other programs appear to require payment prior to an invoice being put on the contributors account, the Treasurer would not know what portion of a single check belongs to what fund until the invoices arrive. In addition, if the check did not cover the carrier's obligation for all the programs, the carrier could incur late fees for all the programs and/or be subject to one or more enforcement actions by the Commission. At a minimum, allocation of funds would be complicated and Commission rules would have to delineate which fund is paid first or if all funds are impacted equally. Permitting payment by a single check would add some administrative costs to the programs.

Another factor for the Commission to consider is that a combined collection would increase the possibility for error in all the funds, and add the possibility for payment

misallocation. In addition, USAC notes that coordination between accounts receivable and accounts payable is complicated today,⁵ and the introduction of a new entity into this process would increase the complexity, the cost, and the potential for error. USAC does not believe that coordination with a new entity would be unduly burdensome, but suggests that if such a plan is adopted, Commission rules allow for the additional delay it will create between the provision of service by carriers and the offset credit appearing on the carriers' payment obligation. Finally, USAC notes that coordination would be further complicated by the adoption of a rule the Commission is contemplating that would prohibit distributions to carriers that are delinquent in their payments.

IV. Conclusion

For the foregoing reasons USAC supports the consolidation and streamlining of reporting requirements for telecommunications carriers, and urges the Commission to allow for adequate lead time to implement any changes in the contribution requirements.

Respectfully submitted,

UNIVERSAL SERVICE
ADMINISTRATIVE COMPANY

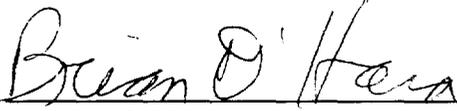
By: 
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Its Attorney

October 30, 1998

⁵ 47 C.F.R. §§ 54.515 and 54.611 require that a carrier's contribution be offset by support due it under the schools and libraries and rural health care programs, respectively.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments was served this 17th day of August, 1998, by hand delivery or by mailing copies United States Mail, first class postage paid, to the persons listed below.

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