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

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

ORDER

Adopted: July 31, 2000

Released: August 1, 2000

By the Deputy Chief, Common Carrier Bureau:

I. INTRODUCTION

1. In this Order, we direct the Universal Service Administrative Company (USAC) to be responsible for administration, processing, and management of future filings of the Telecommunications Reporting Worksheet and for the distribution of essential contributor revenue data to the administrators of the: (1) Telecommunications Relay Services Fund; (2) the cost recovery mechanism for numbering administration; (3) the cost recovery mechanism for long-term local number portability; and (4) the universal service support mechanisms. These actions ensure that the administrators of these support and cost recovery mechanisms ("the administrators") will each have access to reliable and timely data on which to base contributions to these mechanisms and that filers of the consolidated Telecommunications Reporting Worksheet will be able to file only one copy of their completed worksheets.¹ We also expect that the procedures approved in this Order will result in lower administrative costs overall and will ensure the lowest regulatory burden on the telecommunications service providers that contribute to these support and cost recovery mechanisms.

II. BACKGROUND

2. In a series of separate proceedings, the Commission established procedures to fund interstate telecommunications relay services, universal service support mechanisms, administration of the

¹ The administrators consist of: 1) USAC, for the federal universal service support mechanisms; 2) NeuStar, for the local number portability cost recovery mechanisms; 3) National Exchange Carrier Association, Inc. (NECA), for the interstate Telecommunications Relay Services Fund; and 4) NBANC, as billing and collection agent for the North American Numbering Plan. See *Joint Submission of Program Administrators Regarding Consolidated Data Collection Procedures and Cost Allocation Methodology*, CC Docket 98-171 (Oct. 12, 1999) (*Joint Submission*); *Supplemental Joint Submission of Program Administrators Regarding Consolidated Data Collection Procedures and Cost Allocation Methodology*, CC Docket 98-171 (May 15, 2000) (*Supplemental Joint Submission*).

North American Numbering Plan, and the shared costs of long-term local number portability.² As directed by Congress, these efforts are funded by contributions from telecommunications carriers and certain other providers of telecommunications services.³ On July 14, 1999, the Commission acted to reduce duplicative reporting burdens associated with these four support and cost recovery mechanisms.⁴ In particular, the Commission eliminated several different forms filed by contributing carriers and replaced them with one consolidated form, the Telecommunications Reporting Worksheet.⁵ The Commission also directed that contributors to the four support and cost recovery mechanisms need only file one copy of their completed Telecommunications Reporting Worksheet at one location.⁶ Pursuant to the Commission's order, contributors are required to file revenue data for the first half of each year on September 1 of that year and end-of-year revenue data on April 1 of the following year.⁷

3. Moreover, in order to facilitate the filing of the Telecommunications Reporting Worksheet, the Commission ordered the administrators to "develop efficient and effective procedures for collecting, validating, and distributing the centrally-filed contributor data amongst themselves."⁸ The Commission directed the administrators to file a summary of their proposed procedures and to include in that summary a description of how related costs would be equitably apportioned. The Commission delegated authority to the Common Carrier Bureau to review the administrators' summary.⁹

4. As directed in the *Streamlined Contributor Reporting Requirements Order*, the administrators filed a joint submission addressing data collection procedures and proposing a cost allocation methodology.¹⁰ The administrators stated in the Joint Submission that a "central data collection agent will be the most efficient and cost effective vehicle for implementing the FCC's

² See *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, FCC 98-233, 13 FCC Rcd 19295, ¶¶ 5-14 (Sept. 25, 1998) (*Streamlined Contributor Reporting Requirements Notice*).

³ See *Streamlined Contributor Reporting Requirements Notice*, 13 FCC Rcd 19295, ¶¶ 5-14.

⁴ See *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*, Order, FCC 99-175, CC Docket 98-171 (Jul. 14, 1999) (*Streamlined Contributor Reporting Requirements Order*).

⁵ *Streamlined Contributor Reporting Requirements Order*, ¶¶ 9-13.

⁶ *Id.* at ¶ 36.

⁷ *Id.* at ¶ 32.

⁸ *Id.* at ¶ 45.

⁹ *Id.* at ¶ 46.

¹⁰ See *Joint Submission*, *supra* n.2. The original joint submission was filed on behalf of the Universal Service Administrative Company (Administrator for the universal service support mechanisms), Lockheed Martin-IMS (Administrator for local number portability), NECA (Administrator of the TRS Fund), and NBANC (Billing and Collection Agent for the North American Numbering Plan). A copy of the administrator's Joint Submission is attached as Appendix A. Neustar has since replaced Lockheed Martin-IMS as Administrator for the local number portability cost recovery mechanisms.

consolidated revenue data collection procedures.”¹¹ The administrators proposed that a data collection agent should perform a variety of functions, including distributing the form to potential filers, responding to industry inquiries, performing necessary follow-up, maintaining a database of contributor information, and providing information to the other administrators on a regular basis. The administrators proposed a cost allocation methodology that would assign forty percent of the data collection-related costs to the administrator of the universal service support mechanisms, and twenty percent of the related costs each to the other three administrators.¹²

5. In an Order released February 4, 2000, the Bureau directed the National Exchange Carrier Association (NECA) to perform the data collection functions for the April 2000 filing of the Telecommunications Reporting Worksheet and set out procedures for the administrators to submit proposed arrangements for future filings.¹³ On May 15, 2000, the administrators filed a supplemental joint statement regarding the data collection procedures.¹⁴ In the *Supplemental Joint Submission*, the administrators propose that the Commission designate USAC as the entity responsible for the consolidated data collection. Under their proposal, USAC would perform “the responsibilities consistent with the procedures agreed upon by the program administrators in their October 1999 *Joint Submission* and utilized by NECA for the April 1, 2000 consolidated worksheet.”¹⁵ The administrators represent, in the *Supplemental Joint Submission*, that USAC intends to extend its current agreement with NECA to perform the revenue data collection functions through December 2002.¹⁶ The administrators further propose that USAC be granted long-term oversight of the data collection process, with the stated intention of seeking competitive bids for the data collection function as of January 2003.¹⁷ Comments were filed by one party, WorldCom, Inc., with reply comments filed jointly by the administrators.¹⁸

¹¹ *Joint Submission* at 2. The administrators’ Joint Submission did not propose a specific entity to serve as the data collection agent.

¹² *Joint Submission* at 3. The administrators reason that “[i]n the past ... USAC was required to collect data twice annually, while the other entities each collected data annually. Since this resulted in five data collections per year, the program administrators believe that an equitable sharing of costs would result from two-fifths of the costs of the [data collection agent] being borne by USAC, with each of the other program administrators being assigned one-fifth of the [data collection agent’s] costs.” *Id.*

¹³ *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*, Order, DA 00-214, CC Docket 98-171 (Feb. 4, 2000) (*April 2000 Collection Order*).

¹⁴ See *Supplemental Joint Decision*, *supra* n.2.

¹⁵ *Supplemental Joint Submission* at 3.

¹⁶ *Id.* at 3.

¹⁷ *Id.* at 3-4.

¹⁸ See Appendix C, List of Commenters.

III. DISCUSSION

A. Data Collection Functions Performed by a Single Entity

6. We approve the administrators' proposal and designate USAC as the entity responsible for the data collection functions associated with the Telecommunications Reporting Worksheet because we conclude that their proposal will reduce costs associated with the administration of the four support and cost recovery mechanisms, which will ultimately result in lower costs for the industry participants that fund these mechanisms.¹⁹ Moreover, this action will ensure the lowest burden on filers of the worksheet and the efficient distribution of the contributor-filed data among the administrators.

7. As stated in the *April 2000 Collection Order*, we find reasonable the administrators' conclusion that significant benefits may be achieved by having one entity perform the data collection functions associated with the filing of the Telecommunications Reporting Worksheet.²⁰ In reaching our earlier decision regarding the April 2000 filing, we relied on the representations of the administrators that their overall costs would be reduced by consolidating the data collection functions.²¹ The administrators have now used the consolidated worksheet for the April 2000 filing and we take their continued recommendation of the procedures outlined in the *Joint Submission* to reflect their satisfaction with this approach. While a final accounting of administrative costs will not be available until later in the year, we continue to believe that administrative costs will be reduced overall. Particularly given that two of the administrators, NBANC and NeuStar, are performing under fixed price contracts, we expect that the administrators face incentives to minimize costs associated with these functions. Thus, we are again persuaded by the administrators' unanimous position that their data collection proposal will be cost effective and will enable them to carry out their responsibilities in an efficient manner.

8. In addition, we note that centralizing the data collection functions with one entity has significant benefits for the contributors to the support and cost recovery mechanisms that must file the Telecommunications Reporting Worksheet. Such an approach ensures that telecommunications carriers and other providers of interstate telecommunications services need file only one copy of the consolidated worksheet and have one entity as the primary source for inquiries.

9. We approve USAC to be responsible for these functions based on the unanimous support of the other administrators and the administrators' representations that USAC has in place procedures to ensure that these filings are handled competently, effectively, and with low cost for the administrators overall.²² In this regard, we note that USAC intends to contract with NECA to perform the data collection functions through the year 2002 and that NECA has performed these functions in a satisfactory manner in the past.²³ We also note that, as administrator to the largest of the four mechanisms, USAC

¹⁹ Administrator costs born by the four mechanisms are ultimately passed on to contributors.

²⁰ *April 2000 Collection Order* at ¶ 8. See also *Joint Submission* at 2.

²¹ *April 2000 Collection Order* at ¶ 8.

²² See *Supplemental Joint Submission* at 4-5.

²³ As administrator, NECA performed data collection functions for the TRS Fund and, under contract, NECA performed data collection functions for the universal service support mechanisms and for the NANPA, in the past. NECA also acted as the data collection agent for the April 2000 filing of the Telecommunications Reporting Worksheet.

faces incentives to compile, validate, and process contributor data in an accurate and efficient fashion. In this regard, we are not persuaded by WorldCom's arguments that USAC should not be selected to perform these functions. WorldCom argues that USAC should not take on additional administrative responsibilities and that USAC should focus solely on implementation of the Schools and Libraries program.²⁴ We have been presented with no evidence that USAC is incapable of performing both these functions, much as they would have done if the Commission had not combined the original four data collections. Finally, if the other administrators become dissatisfied with the quality of USAC's performance or if routine audits indicate that USAC is unable to perform these data collection functions, we will not hesitate to revisit this issue. Nor does WorldCom present any evidence for its claim that USAC lacks neutrality in its operations.²⁵ In our view, given NECA's experience with the data collection process, the choice of NECA to perform many of the data collection functions through 2002, in itself, raises no particular concerns about neutrality.

B. Allocation of Costs Consistent with the Joint Submission

10. The terms under which USAC will serve as the data collection agent have largely been outlined in the administrators' joint submissions. In particular, the administrators propose that the cost allocation methodology proposed in the Joint Submission -- and used for the April 2000 filing -- should continue to apply to future filings covered by this order.²⁶ We found, in the April 2000 Collection Order, that this methodology appeared to be reasonable.²⁷ Again, we have been presented with no evidence to suggest that the administrators face incentives to do anything other than keep their administrative costs to a minimum. Nor have any parties -- administrators or contributors -- contested the allocation of costs associated with the April 2000 collection, which utilized the same cost allocation methodology. Accordingly, we direct that costs associated with the data collection functions be apportioned pursuant to the administrators' proposal in the *Joint Submission*.

11. We reiterate, however, that the Commission has authority to re-examine these arrangements, in the future, for example, if we determine that costs are excessive, that one fund is bearing an unreasonable portion of the costs, or that data are not being collected efficiently and accurately or shared in a reasonable and timely fashion.

C. Procedures for Filings after the Year 2002

12. In the *April 2000 Collection Order*, we requested proposed procedures for handling the September 2000 filing and for the year 2001 and 2002 filings.²⁸ Accordingly, and for the reasons described above, we specifically authorize USAC to be responsible for the data collection functions for these filings.

²⁴ Worldcom Comments at 4.

²⁵ *Id.*

²⁶ *Supplemental Joint Submission* at 3. See also *Joint Submission* at 3 (assigning forty percent of the data collection-related costs to the administrator of the universal service support mechanisms and twenty percent of the related costs each to the other administrators).

²⁷ *April 2000 Collection Order* at ¶ 12 (concluding that the administrators' proposal appears to provide for a reasonable allocation of costs among the four mechanisms).

²⁸ *April 2000 Collection Order* at ¶¶ 10-11.

13. We also note that the administrators have requested that USAC be granted responsibility to handle these functions beyond this two year period. Given this apparent unanimity between the administrators, we see no reason to limit USAC's role as a data collection agent unnecessarily. Accordingly, we designate USAC as the data collection agent on an on-going basis. However, we preserve the right of any of the administrators to submit alternative proposals for filings that would occur after the year 2002 because it may be appropriate to re-examine the specific terms of the data collection agent functions from time to time. Any such proposals must be filed in sufficient time for Commission review and for administrator implementation. For example, USAC would need to carry out its competitive bidding process sufficiently in advance of the April 2003 filing. Thus, we conclude that any administrator or other party that wishes to propose alternative arrangements for filings after the year 2002 must submit such proposals no later than March 31, 2002. In the absence of any such filings, USAC shall continue as the data collection agent, pursuant to the terms of the joint submissions and in accordance with Commission orders.

IV. CONCLUSION

14. For all the reasons set forth above, we adopt this order to promote the efficient administration of the federal support and cost recovery mechanisms for telecommunications relay services, numbering administration, local number portability, and universal service support. We conclude that the actions taken here will provide the least burdensome process for contributors to comply with the Commission's reporting requirements and will reduce costs borne by the telecommunications industry overall.

V. ORDERING CLAUSES

15. 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. §§ 1, 4(i), 4(j), 11, 201-205, 210, 214, 218, 225, 251, 254, 303(r), 332, and 403 that this ORDER is hereby ADOPTED.

FEDERAL COMMUNICATIONS COMMISSION

Yog R. Varma
Deputy Chief, Common Carrier Bureau

APPENDIX A - JOINT SUBMISSION OF THE PROGRAM ADMINISTRATORS

**APPENDIX B - SUPPLEMENTAL JOINT SUBMISSION OF THE PROGRAM
ADMINISTRATORS**

APPENDIX C - LIST OF COMMENTERS

Comments

Worldcom, Inc. (Worldcom)

Reply Comments

NBANC, National Exchange Carrier Association, Neustar, and Universal Service Administrative Company (filed jointly, collectively referred to as "Administrators' Joint Reply Comments")