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

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JAN 28 2005

Federal Communications Commission
Office of Secretary

_____)
 In the Matter of)
)
 Request for Review by WorldxChange Corp.)
 of Decision of Universal Service Administrator)
)
 Filer ID # 821378)
 _____)

CC Docket No. 96-45

**WORLDXCHANGE'S REQUEST FOR REVIEW OF DECISION OF
UNIVERSAL SERVICE ADMINISTRATOR**

WorldxChange Corp. ("WorldxChange"), by counsel, hereby requests that the Commission direct the Universal Service Administrator to accept WorldxChange's corrected August 2003 Form 499-Q, that the Commission, in connection therewith, waive, *nunc pro tunc*, the 45-day deadline for revising Form 499-Q, and waive the late payment fees assessed on amounts invoiced in October-December 2003 as a result of the initial, uncorrected 499-Q which were later reversed in the subsequent Form 499-A annual true-up. WorldxChange has good cause for such a waiver: the initial Form 499-Q mistakenly reported WorldxChange's *annual* projected revenues as if they were *quarterly* projected revenues. Although the principal amounts of universal service contributions have now been fully adjusted through the 499-A true-up process, USAC has charged WorldxChange \$265,559.11 through December 2004, with interest continuing to accrue, solely because WorldxChange was unable to detect and correct its reporting error on its 499-Q within 45 days, rather than 60 days. Under these circumstances, it is in the public interest and in the interest of substantial justice and common sense for the FCC to direct

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USAC to accept WorldxChange's previously submitted, revised Form 499-Q, and to waive any late payment fees associated with contributions invoiced based on WorldxChange's initial, erroneous Form 499-Q.

BACKGROUND

WorldxChange is a telecommunications carrier that provides interstate, interexchange services. On July 21, 2003, WorldxChange timely filed its August 2003 Form 499-Q, reporting its historical revenues for the second quarter 2003, and estimating its projected, collected interstate telecommunications revenues for fourth quarter 2003.¹ Unfortunately, in completing the August 2003 Form 499-Q, WorldxChange inadvertently and incorrectly reported projected *annual* revenues of \$86,450,000 as if they were projected *quarterly* revenues. Once it realized its mistake, WorldxChange promptly submitted a revised Form 499-Q dated September 30, 2003 that correctly reported quarterly revenues.² However, this revised Form 499-Q was not submitted until about 15 days after the 45-day deadline set forth in the *Contribution Report & Order and Second FNPRM*.³

Notwithstanding WorldxChange's attempt to correct its erroneous August 2003 Form 499-Q, USAC subsequently invoiced WorldxChange for universal service contributions based on those erroneous projections. On October 22, 2003, USAC billed

¹ In its decision on WorldxChange's appeal, the Administrator described this submission as having been received on July 23, 2003.

² In its decision on WorldxChange's appeal, the Administrator described this submission as having been received on October 9, 2003.

³ *Federal-State Joint Board on Universal Service, Report & Order and Second Further Notice of Proposed Rulemaking*, 17 FCC Rcd. 24952, 24972 at ¶ 36 (2002) [*"Contribution Report & Order and Second FNPRM"*].

WorldxChange for \$2,417,475.70 in currently monthly charges.⁴ WorldxChange immediately wrote to USAC, pointing out that this invoice was nearly five to seven times higher than WorldxChange's previous invoices.⁵ In November and December 2003, USAC issued similar invoices to WorldxChange, also adding late payment fees.⁶ The billed current charges for fourth quarter 2003 of \$7,252,427.09 vastly exceeded, in comparison, the billed current charges for third quarter 2003, which were \$1,565,717.91.

On November 26, 2003, USAC notified WorldxChange that USAC had rejected WorldxChange's revised Form 499-Q dated September 30, 2003. USAC stated that it had relied upon the earlier 499-Q to invoice WorldxChange, that the April 1, 2004 Form 499-A would true up all Form 499-Q reports including the period covered by the August 2003 filing, and that it had received WorldxChange's revised Form 499-Q after the "45 day . . . revision deadline."⁷

WorldxChange appealed the rejection of its revised Form 499-Q to the USAC Administrator. After eleven months had elapsed, the Administrator rejected WorldxChange's appeal.⁸ The Administrator reasoned that USAC's annual reconciliation process remedied WorldxChange's troubles, because the annual true-up resulted in credits to WorldxChange's account.⁹ The Administrator also rejected WorldxChange's request to remove late payment fees associated with the erroneous

⁴ See Exhibit A hereto, USAC's invoice dated October 22, 2003.

⁵ See Exhibit B hereto, Letter from Ralph Brandifino of WorldxChange to USAC dated November 1, 2003.

⁶ See Exhibit A hereto, USAC's invoices dated November 21, 2003 and December 22, 2003.

⁷ See Letter from USAC to WorldxChange dated November 26, 2003, included as part of Exhibit C hereto, the Letter of Appeal of WorldxChange dated January 23, 2004.

⁸ See Exhibit D hereto, the Administrator's Decision on Contributor's Appeal.

⁹ *Id.* at 3.

August 2003 Form 499-Q.¹⁰ The Administrator reasoned that because WorldxChange had not paid its October, November and December 2003 invoices in full, the assessment of late payment fees on the unpaid balance was proper, even if those unpaid balances would later be reversed through adjustments resulting from the April 1, 2004 Form 499-A true-up.¹¹ WorldxChange calculates that those late payment fees, and additional late payment fees associated with those late payment fees, now amount to \$265,559.11, as of December 2004.

ARGUMENT

The Commission should direct USAC to accept WorldxChange's revised Form 499-Q because imposing late payment penalties here would cause WorldxChange to make contributions to universal service that are inequitable, cause financial hardship to WorldxChange and divert resources away from providing service to the public, and be inconsistent with the reason for the revision deadline requirement.

Generally, the Commission may waive its rules upon good cause shown, including where the particular facts make strict compliance inconsistent with the public interest.¹² The Commission has taken into account hardship, equity, or more effective implementation of an overall policy as bases for granting a waiver, and the courts

¹⁰ *Id.*

¹¹ *Id.* at 3-4.

¹² 47 C.F.R. § 1.3; *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990).

approve of this approach.¹³ WorldxChange clearly demonstrates good cause under the Commission's traditional waiver analysis.¹⁴

WorldxChange made a clerical error and upon recognizing its error WorldxChange promptly filed revised projected revenue information. Nonetheless, under the Administrator's decision, the only way that WorldxChange could have avoided what is now \$265,559.11 in late payment fees would have been for WorldxChange to have paid, in October, November and December 2003, a total of more than \$6 million extra to USAC, only to have those amounts credited following the April 2004 499-A filing. WorldxChange was and is a small carrier, whose quarterly interstate and international telecommunications revenues were only approximately \$20 million at that time, such that a \$6 million payment to USAC in the fourth quarter of 2003 would have consumed over 25% of WorldxChange's quarterly interstate and international telecommunications revenue. There is no logical or policy reason why WorldxChange should have faced such a draconian and punitive choice. That result is even more irrational because WorldxChange did not even receive notification from USAC that USAC had rejected WorldxChange's corrected Form 499-Q until *after* USAC had sent both its October and November 2003 invoices.

WorldxChange will suffer financial hardship if required to pay \$265,559.11 in late payment fees. The Wireline Competition Bureau has previously waived the 499-Q

¹³ See *Northeast Cellular Telephone Co.*, 897 F.2d at 1166; *WAIT Radio*, 418 F.2d 1153, 1159 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 127 (1972).

¹⁴ However, WorldxChange may not even be required to meet that "good cause" standard. Section 54.711(c) of the Commission's rules delegates authority to the Wireline Competition Bureau to waive "contributor reporting requirements that prove unnecessary." So the Bureau may waive any reporting requirement that is "unnecessary" without, apparently, "good cause" being shown. But the Bureau is limited to granting waivers under this relaxed standard only with respect to "where and when worksheets are filed" and cannot change the substance of underlying programs. 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*, Report & Order, 14 FCC Rcd. 16602, 16621 (1999).

revision deadline in order to alleviate significant financial hardship on a contributor.¹⁵

WorldxChange is a competitive carrier with interstate and international telecommunications net revenue of \$91.8 million in 2003 and \$62.3 million in 2004. Paying \$265,559.11 will be a financial hardship to such a small company. Moreover, resources WorldxChange spends on late fees are resources not spent on network and infrastructure for voice and data communications for residential and business customers. That harms the public's interest in facilities-based competition in communications markets. WorldxChange is not just another switchless reseller – WorldxChange currently uses its own switched platform to deliver communications services to the public. Moreover, WorldxChange and its affiliates are currently investing in VoIP-based enhanced service applications in order to better serve consumers.

Allowing WorldxChange to revise its Form 499-Q would not frustrate the underlying purpose of the Commission's requirements and would be consistent with the public interest. The Commission imposed a 45-day revision deadline for Form 499-Q for two reasons: (i) "to eliminate incentives for contributors to revise their revenue projections after the announcement of the contribution factor for the upcoming quarter in order to reduce their contribution obligations" and (ii) "to otherwise reduce the likelihood of a shortfall in universal service funding in any given calendar quarter."¹⁶ Under the circumstances here, there is no risk that WorldxChange is trying to game the system by changing its projected revenue upon learning of the contribution factor or that the USF will suffer a shortfall. The 499-A true-up process has already eliminated all liability except for the late fees associated with the October-December 2003 invoices. Moreover,

¹⁵ See *Request for Review by ABC Cellular Corporation Page Now, Inc./ ABC Paging, Inc.*, Order, 17 FCC Rcd. 25192, 25196 (Wireline Competition Bur. 2002).

¹⁶ See *Contribution Report & Order and Second FPNRM*, 17 FCC Rcd. at 24972.

the dramatic – and simple – nature of WorldxChange’s error shows that this is not simply a case involving routine, post-period adjustments of the type that the 499-A true-up process was meant to address. WorldxChange made a clerical error, pure and simple. That is undisputed and indisputable. That error is, however, no basis for assessing over \$265,000 in late payment fees.

Accordingly, WorldxChange has demonstrated good cause for a waiver of the 45-day deadline for correcting its August 1, 2003 Form 499-Q, and the assessment of late payment fees with respect to its October-December 2003 USAC invoices.

CONCLUSION

WorldxChange respectfully requests that the Commission reverse the Administrator’s refusal to accept WorldxChange’s revised Form 499-Q because strict application of the 45-day revision deadline and the assessment of late payment fees would be inequitable, cause financial hardship to WorldxChange, be inconsistent with the purposes of the requirement, and be inconsistent with the public interest.

Respectfully submitted,

WORLDXCHANGE CORP.



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Washington, DC 20036
(202) 730-1300

Attorneys for WorldxChange Corp.

January 28, 2005

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of January 2005, I served a true and correct copy of the foregoing WORLDXCHANGE'S REQUEST FOR REVIEW OF DECISION OF UNIVERSAL SERVICE ADMINISTRATOR upon the following via First Class Mail, postage prepaid:

Universal Service Administrative Company
2000 L Street, N.W.
Suite 200
Washington, DC 20036



Sandra Cea

EXHIBIT

A

USAC

Universal Service Administrative Company

Statement Date: 10/22/2003
 Invoice Number: UB010000087607
 Filer 499 ID: 821378
 Balance Due USAC: \$ 3,836,927.26
 Amount Enclosed:

WorldxChange Corp.
 9775 Businesspark Ave.,
 San Diego, CA, 92131
 Attention: Jim Sas

Mail Payment To:

Universal Service Administrative Company
 135 S. LaSalle, Dept 1259
 Chicago, IL 60674-1259

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	\$1,779,252.86	
10/15/2003	Low Income Support Mechanism Charges	\$284,868.08	
10/15/2003	Rural Health Care Support Mechanism Charges	\$10,317.79	
10/15/2003	High Cost Support Mechanism Charges	\$1,274,297.37	
10/09/2003	Payment		(\$367,171.45)
10/15/2003	Schools & Libraries Support Mechanism Charges	\$847,992.46	
10/15/2003	Late Payment Fee	\$7370.15	
	BALANCE DUE USAC ON 11/14/2003	\$3,836,927.26	

2,417,475.00

Transactions occurring after 10/15/2003 are not reflected on this statement.

Statement Date	Invoice Number	Filer 499 ID	Balance Due USAC
10/22/2003	UB010000087607	821378	\$ 3,836,927.26
FORM 499Q DATA		PAYMENT INFORMATION	
This month's support mechanism charges were calculated using an FCC contribution factor of 0.0321000 and the following revenue data: AUGUST 2003 499Q 122b \$15,675,190,111 122c \$70,775,190,111 If the figures do not correspond with your records, please contact the 499 Data Collection Agent.		Payment must be received by 11/14/2003 to avoid late payment charges. Please remit ACH payments in a CCD+ format to ABA #071000505, Account #5590045653. Please also include your Company Name, Filer 499 ID, and Invoice Number.	



Statement Date: 10/22/2003
 Invoice Number: US03XXXX067607
 Filer ID: 821378

DETAILED SUMMARY OF CHARGES AND CREDITS

SUPPORT MECHANISM CHARGES

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

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:

$$\frac{\$ 15,675,000.00}{\text{Interstate Revenue (Line 122B)}} + \frac{\$ 70,775,000.00}{\text{International Revenue (Line 122C)}} = \frac{\$ 86,450,000.00}{\text{Quarterly Contribution Base}}$$

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:

$$\frac{\$ 86,450,000.00}{\text{Quarterly Contribution Base}} - \frac{0.000000}{\text{FCC Contribution Factor}} = \frac{\$ 7,952,427.14}{\text{Unadjusted Contribution}}$$

$$\frac{\$ 7,952,427.14}{\text{Unadjusted Contribution}} - \frac{\$ 7,952,427.14}{\text{Unadjusted Contribution}} \times \frac{0.000000}{\text{FCC Circularity Factor}} = \frac{\$ 7,952,427.14}{\text{Adjusted Contribution}}$$



Statement Date: 10/22/2003
 Invoice Number: UBD10000087607
 Filer ID: 821378

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:

$$\frac{\$ 72,748,421.00}{499A \text{ Contribution Base}} = \frac{0.0054031}{FCC \text{ Estimated Annual Factor}} = \frac{\$ 6,911,151.00}{\text{Estimated 499A Contribution}}$$

499Q:

$$\frac{\$ 7,252,427.00}{\text{Adjusted Contribution}} = \frac{1}{1} = \frac{\$ 20,000,700.00}{\text{Estimated 499Q Contribution}}$$

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. Your contribution is then allocated among the four support mechanisms according to the established allocation percentages for the current quarter.

		$\frac{\$ 7,252,427.00}{\text{Adjusted Quarterly Contribution}}$	=	$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$
$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$	*	$\frac{0.527119}{\text{High Cost Allocation Percentage}}$	=	$\frac{\$ 1,274,297.37}{\text{High Cost Support Mechanism Charge}}$
$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$	*	$\frac{0.117647}{\text{Low Income Allocation Percentage}}$	=	$\frac{\$ 284,868.00}{\text{Low Income Support Mechanism Charge}}$
$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$	*	$\frac{0.004268}{\text{Rural Health Care Allocation Percentage}}$	=	$\frac{\$ 10,319.70}{\text{Rural Health Care Support Mechanism Charge}}$
$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$	*	$\frac{0.356776}{\text{Schools & Libraries Allocation Percentage}}$	=	$\frac{\$ 847,992.66}{\text{Schools & Libraries Support Mechanism Charge}}$



Statement Date: 10/22/2003
Invoice Number: USDI0000087607
Filer 499 ID: 821378

LATE PAYMENT FEES

Your current invoice reflects a fee for late payments against the Balance Due by 9/15/03. Fees are calculated with a 9 percent annual interest rate and are based upon the number of days the balance is outstanding. The minimum late payment fee is \$10.

			<u>Days Late</u>	<u>Interest</u>	<u>Late Payment Fee</u>
Balance Due on 9/15	\$2,135,763.03				
Unpaid 9/15 Balance as of 10/15		\$698,949.77	30		\$5,167.12
Payment 11/9		(\$367,171.45)	24		\$2,200.00
				TOTAL	\$7,370.15



Universal Service Administrative Company

Statement Date: 11/21/2003
Invoice Number: UBD10000090582
Filer 499 ID: 821378
Balance Due USAC: \$ 5,914,118.57
Amount Enclosed: []

WorldxChange Corp.
9775 Businesspark Ave.,
San Diego, CA. 92131
Attention: Jim Sas

Mail Payment To:

Universal Service Administrative Company
135 S. LaSalle, Dept 1259
Chicago, IL 60674-1259

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

Table with 4 columns: Date, Description, Charges, Credits. Rows include Previous Balance, Rural Health Care Support Mechanism Charges, Schools & Libraries Support Mechanism Charges, Low Income Support Mechanism Charges, Late Payment Fee, Payment, High Cost Support Mechanism Charges, and BALANCE DUE USAC ON 12/15/2003.

Transactions occurring after 11/14/2003 are not reflected on this statement.

Table with 4 columns: Statement Date, Invoice Number, Filer 499 ID, Balance Due USAC. Includes FORM 499Q DATA and PAYMENT INFORMATION sections.



Statement Date: 11/21/2003
 Invoice Number: UBDI0000090582
 Filer 499 ID: 821378

DETAILED SUMMARY OF CHARGES AND CREDITS

SUPPORT MECHANISM CHARGES

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

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:

$$\frac{\$ 15,675,000.00}{\text{Interstate Revenue (Line 121B)}} + \frac{\$ 70,775,000.00}{\text{International Revenue (Line 122C)}} = \frac{\$ 86,450,000.00}{\text{Quarterly Contribution Base}}$$

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:

$$\frac{\$ 86,450,000.00}{\text{Quarterly Contribution Base}} \times \frac{0.091000}{\text{FCC Contribution Factor}} = \frac{\$ 7,953,400.00}{\text{Unadjusted Contribution}}$$

$$\frac{\$ 7,953,400.00}{\text{Unadjusted Contribution}} \times \frac{0.098135}{\text{FCC Circularity Factor}} = \frac{\$ 7,252,427.09}{\text{Adjusted Contribution}}$$



Statement Date: 11/21/2003
 Invoice Number: UBDI0000090582
 Filer 499 ID: 821378

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:

$$\frac{\$ 72,749,641.00}{499A \text{ Contribution Base}} - \frac{0.095000}{\text{FCC Estimated Annual Factor}} = \frac{\$ 6,911,121.90}{\text{Estimated 499A Contribution}}$$

499Q:

$$\frac{\$ 7,252,427.09}{\text{Adjusted Contribution}} - 4 = \frac{\$ 29,009,708.36}{\text{Estimated 499Q Contribution}}$$

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. Your contribution is then allocated among the four support mechanisms according to the established allocation percentages for the current quarter.

	1/3	=	$\frac{\$ 7,252,427.09}{\text{Adjusted Quarterly Contribution}}$	=	$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$
	$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$	*	$\frac{0.527119}{\text{High Cost Allocation Percentage}}$	=	$\frac{\$ 1,276,297.57}{\text{High Cost Support Mechanism Charge}}$
	$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$	*	$\frac{0.117837}{\text{Low Income Allocation Percentage}}$	=	$\frac{\$ 284,868.88}{\text{Low Income Support Mechanism Charge}}$
	$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$	*	$\frac{0.004268}{\text{Rural Health Care Allocation Percentage}}$	=	$\frac{\$ 10,317.79}{\text{Rural Health Care Support Mechanism Charge}}$
	$\frac{\$ 2,417,475.70}{\text{Total Monthly Contribution}}$	*	$\frac{0.350776}{\text{Schools \& Libraries Allocation Percentage}}$	=	$\frac{\$ 847,892.46}{\text{Schools \& Libraries Support Mechanism Charge}}$

USAC

Statement Date: 11/21/2003
Invoice Number: UBD10000090582
Filer 499 ID: 521378

LATE PAYMENT FEES

Your current invoice reflects a fee for late payment against the Balance Due by 10/15/03. Fees are calculated with a 9 percent annual interest rate and are based upon the number of days the balance is outstanding. The minimum late payment fee is \$10.

Balance Due on 10/15		Days Late	Interest	Late Payment Fee
Unpaid 10/15 Balance as of 11/14	\$1,779,253.86	30	\$7,965.61	
Payment 11/4	(529,478.18)	20		\$1,750.00
TOTAL				\$9,715.61

USAC

Universal Service Administrative Company

Statement Date: 12/22/2003
 Invoice Number: UBDJ0000093480
 Filer 499 ID: 821378
 Balance Due USAC: \$ 7,287,638.43
 Amount Enclosed:

WorldxChange Corp.
 9775 Businesspark Ave.,
 San Diego, CA, 92131
 Attention: Jim Sas

Mail Payment To:

Universal Service Administrative Company
 135 S. LaSalle, Dept 1259
 Chicago, IL 60674-1259

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	\$5,914,118.57	
12/15/2003	Rural Health Care Support Mechanism Charges	\$10,317.79	
12/15/2003	Late Payment Fee	\$23,215.61	
12/15/2003	Low Income Support Mechanism Charges	\$284,868.06	
12/15/2003	Payment		(\$100,000.00) ✓
12/15/2003	Payment		(\$100,000.00) ✓
12/15/2003	Payment		(\$50,000.00) ✓
12/15/2003	Payment		(\$100,000.00) ✓
11/17/2003	Payment		(\$367,171.45) ✓
12/04/2003	Payment		(\$150,000.00) ✓
12/04/2003	Payment		(\$200,000.00) ✓
12/15/2003	High Cost Support Mechanism Charges	\$1,274,297.37	
12/15/2003	Schools & Libraries Support Mechanism Charges	\$847,992.46	
	BALANCE DUE USAC ON 01/15/2004	\$7,287,638.43	

Transactions occurring after 12/15/2003 are not reflected on this statement.

Statement Date	Invoice Number	Filer 499 ID	Balance Due USAC
12/22/2003	UBDJ0000093480	821378	\$ 7,287,638.43
FORM 499Q DATA		PAYMENT INFORMATION	
This month's support mechanism charges were calculated using an FCC contribution factor of 0.092000 and the following revenue data: <u>August 2003 499Q</u> 122b \$15,675,000.00 122c \$70,775,000.00 If the figures do not correspond with your records, please contact the 499 Data Collection Agent.		Payment must be received by 01/15/2004 to avoid late payment charges. Please remit ACH payments in a CCD+ format to ABA #07100303, Account #5590045653. Please also include your Company Name, Filer 499 ID, and Invoice Number.	



Statement Date: 12/22/2003
Invoice Number: UBDI0000093480
Filer 499 ID: 821378

DETAILED SUMMARY OF CHARGES AND CREDITS

SUPPORT MECHANISM CHARGES

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

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:

$$\frac{\$ 15,675,000.00}{\text{Interstate Revenue (Line 122B)}} + \frac{\$ 70,775,000.00}{\text{International Revenue (Line 123C)}} = \frac{\$ 86,450,000.00}{\text{Quarterly Contribution Base}}$$

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.

$$\frac{\$ 86,450,000.00}{\text{Quarterly Contribution Base}} \times \frac{0.023000}{\text{FCC Contribution Factor}} = \frac{\$ 7,953,400.00}{\text{Unadjusted Contribution}}$$
$$\frac{\$ 7,953,400.00}{\text{Unadjusted Contribution}} \times \frac{\$ 7,953,410.00}{\text{Unadjusted Contribution}} \times \frac{0.006135}{\text{FCC Circularity Factor}} = \frac{\$ 7,252,477.09}{\text{Adjusted Contribution}}$$



Statement Date: 12/22/2003
 Invoice Number: USD10000093480
 Filer 499 ID: 821378

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:	\$ 72,748,641.00 <hr/> 499A Contribution Base	-	0.095000 <hr/> FCC Estimated Annual Factor	="	\$ 6,911,120.90 <hr/> Estimated 499A Contribution
499Q:	\$ 7,252,427.09 <hr/> Adjusted Contribution	*	4	="	\$ 29,009,708.36 <hr/> 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. Your contribution is then allocated among the four support mechanisms according to the established allocation percentages for the current quarter.

1/3	*	\$ 7,252,427.09 <hr/> Adjusted Quarterly Contribution	="	\$ 2,417,475.70 <hr/> Total Monthly Contribution
\$ 2,417,475.70 <hr/> Total Monthly Contribution	-	0.527115 <hr/> High Cost Allocation Percentage	="	\$ 1,274,297.27 <hr/> High Cost Support Mechanism Charge
\$ 2,417,475.70 <hr/> Total Monthly Contribution	-	0.117837 <hr/> Low Income Allocation Percentage	="	\$ 284,866.08 <hr/> Low Income Support Mechanism Charge
\$ 2,417,475.70 <hr/> Total Monthly Contribution	-	0.004268 <hr/> Rural Health Care Allocation Percentage	="	\$ 10,317.79 <hr/> Rural Health Care Support Mechanism Charge
\$ 2,417,475.70 <hr/> Total Monthly Contribution	-	0.350776 <hr/> Schools & Libraries Allocation Percentage	="	\$ 847,992.46 <hr/> Schools & Libraries Support Mechanism Charge



Statement Date: 12/22/2003
Invoice Number: UFDJ0000093480
Filer 499 ID: 821378

LATE PAYMENT FEES

Your current invoice reflects a fee for late payments against the Balance Due by 11/14/03. Fees are calculated with a 9 percent annual interest rate and are based upon the number of days the balance is outstanding. The minimum late payment fee is \$10.

			<u>Days Late</u>	<u>Interest</u>	<u>Late Payment Fee</u>
Balance Due on 11/14	\$3,836,927.26				
Un paid 11/14 Balance as of 12/15	\$2,419,755.61		31		\$16,753.31
Payment 12/4	(\$350,000.00)		20		\$1,750.00
Payment 12/15	(\$350,000.00)		31		\$2,712.50
				TOTAL	\$23,215.61

B

EXHIBIT

B

Nov 1, 2003

Universal Service Administrative Company
C/O NECA
80 South Jefferson Road
Whippany, NJ 07981

Re: WorldxChange Corporation
File ID 821378

The Company has just received the USAC invoice dated October 22nd, 2003 (copy attached).

The invoice reflects current monthly charges (no adjustments) of \$2,417,475.70 and the detail attached to the invoice reflects a quarterly contribution base as follows:

Interstate Revenue	15,675,000.00
International Revenue	<u>70,775,000.00</u>
Quarterly Contribution Base	<u>\$86,450,000.00</u>
Quarterly Contribution	<u>\$ 7,252,427.09</u>

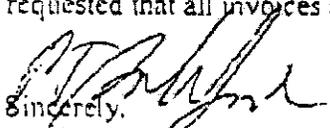
Based on filings to date, the projections for the entire year are less than the quarterly contribution base stated in the invoice. Further the filings for the actuals are reflecting run rates for the entire year again at less than the quarterly contribution base of \$86,450,000.

Also attached is a schedule reflecting the monthly current charges from Jan thru Oct of 2003 and as shown, the monthly charge for October ranges from 4.63 times to 6.87 times greater than any monthly charge for previous months.

None of our filings, either actuals or projections reflect a Quarterly contribution base even remotely close to the contribution base reflected in the October invoice.

Please advise how the Company can bring the USAC invoice in line with our filings and actual run rates.

Also, when filing our form 499-Q for 2nd Q 2003 and 4th Q 2003 projections. I had requested that all invoices and financial correspondence be directed to the undersigned.

Sincerely,

Ralph Brandino
Senior VP
Chief Financial Officer