

Ascent
Media

Ascent Media Group

2901 W. Alameda Avenue
5th Floor
Burbank, CA 91505

818.840.7900 main
818.260.2146 fax

February 6, 2008

Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

Re: Ascent Media Group (499 Filer ID #823142)
Notice of Appeal of Administrator's Decision

To Whom It May Concern:

We are in receipt of the USAC Administrator's Decision on Contributor Appeal dated January 11, 2007 denying our request to accept an amended return for the second quarter of 2007. We feel we have a strong basis for our claim and therefore we are appealing the denial with your office.

The basis of our claim is outlined in the attached copy of our original letter addressed to the USAC dated November 14, 2007. We are including a copy of the Administrator's Decision on Contributor Appeal for your immediate reference.

Thank you for your thoughtful consideration of this matter. Should you have any questions, concerns or need additional information, please feel free to contact Eric Jones at 818-260-2161 or me at 818-260-2163.

Take care,

Donna Coté
Vice President of Taxation

Enclosures

cc: Eric Jones

SENT VIA FEDEX 11/15/2007



November 14, 2007

Ascent Media Group

2901 W. Alameda Avenue
5th Floor
Burbank, CA 91505

818.260.2000 main

Universal Service Administrative Company
Letter of Appeal
Billing, Collections, and Disbursements
2000 L Street, NW, Suite 200
Washington, DC 20036

Re: Filer 499 ID 823142
Amended 2nd Quarter 499Q

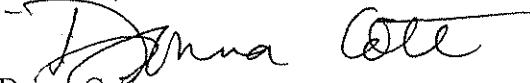
To Whom It May Concern:

Upon receipt of the enclosed bill dated October 22, 2007 for \$717,207.25, we realized that an error had been made in our 2007 2nd Quarterly filing of the 499Q. Enclosed is an amended return fixing our error in projected revenue found in blocks 119 and 120. We inadvertently included our total projected company revenue on these lines instead of our projected billed USF revenues. We did not notice the filing error until we received our current bill which jumped from approximately \$85K to \$717K per month. Your policy only allows 45 days in which to amend a return after the original return is filed, therefore, we are filing this appeal to rectify the error we made. While our revenue has fluctuated up and down over our filing history, it is easy to see that the original return is out of line with our normal billing patterns. We paid the first installment in good faith trusting that this issue will be resolved quickly.

Given the current calculation method shown on our most recent bill, our actual payment should be \$66,724.87 per month (see enclosed calculation). Therefore, we are requesting that our amended return be accepted, our account be adjusted for the redetermined amount due and a refund of \$517,032.64 ($\$717,207.25 - 200,174.61$) be issued. Please take into consideration the cash flow of paying the higher amount puts us in a competitive disadvantage situation as we would be paying USF fees on revenue that is not subject to the fees.

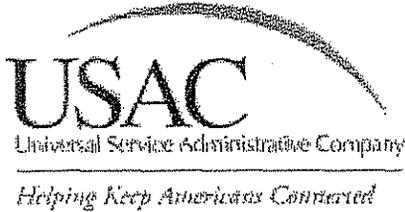
Thank you for your consideration in this matter. Should you have any questions, please feel free to contact Eric Jones at 818-260-2161 or me at 818-260-2163.

Take care,


Donna Cote
VP of Taxation

Enclosures

Cc: Eric Jones



Statement Date: 10/22/2007
 Invoice Number: UBDI0000274108
 Filer 499 ID: 823142
 Balance Due USAC: \$ 717,207.25
 Amount Enclosed: 717,207.25

Ascent Media Network Services, Inc.
 Attention: Donna Cote
 Ascent Media Group, Inc., 2901 W. Alameda Ave
 5th Floor
 Burbank, CA, 91505

Mail Payment To:
 Universal Service Administrative Company
 1259 Paysphere Circle
 Chicago, IL 60674

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	\$85,320.77	
10/15/2007	Low Income Support Mechanism Charges	\$85,643.15	
10/15/2007	High Cost Support Mechanism Charges	\$425,552.77	
10/12/2007	Payment		(\$85,320.77)
10/15/2007	Rural Health Care Support Mechanism Charges	\$10,854.93	
10/15/2007	Schools & Libraries Support Mechanism Charges	\$195,156.40	
	BALANCE DUE USAC BY 11/15/2007	\$717,207.25	

Transactions occurring after 10/15/2007 are not reflected on this statement.

The Balance Due on this Statement represents your mandatory contributions to universal service support and constitutes a Debt owed to the United States as defined by 31 U.S.C § 3701, the Debt Collection Act of 1982 (Public Law 97-365), and the Debt Collection Improvement Act of 1996 (Public Law 104-134), as amended (the DCIA) and any amendments thereto. This Statement constitutes a demand for payment of the Balance Due in accordance with and pursuant to Federal Communications Regulations (47 C.F.R. § 1.1911) and the DCIA. Please refer to the reverse side of this Statement for important information and a description of your legal rights, obligations, and opportunities under the DCIA.

Statement Date	Invoice Number	Filer 499 ID	Balance Due USAC
10/22/2007	UBDI0000274108	823142	\$ 717,207.25
FORM 499Q DATA		PAYMENT INFORMATION	
This month's support mechanism charges were calculated using an FCC contribution factor of 0.110000 and the following revenue data: <div style="margin-left: 40px;"> <u>August 2007 499Q</u> 120b \$21,592,675.00 120c \$148,125.00 </div> If the figures do not correspond with your records, please contact the 499 Data Collection Agent.		Payment must be received by 11/15/2007 to avoid late payment charges. Please remit ACH payments in a CCD+ format to ABA #071000505, Account #5590045653. Payments must include your Company Name, Filer 499 ID, and Invoice Number to ensure timely posting.	

THIS IS A SECURE DOCUMENT. AUTHENTIC CHECK IS A TONER FUSE PAPER THAT CONTAINS ARTIFICIAL WATERMARK, INVISIBLE FIBERS AND MICROLINE TYPE IN SIGNATURE LINE

Ascent Media Group, LLC.
 P.O. Box 6849
 Burbank, CA 91510-6849
 United States

WELLS FARGO N.A.
 PO BOX 63020
 SAN FRANCISCO, CA 94163

CHECK NO. 00391254

SEVEN HUNDRED SEVENTEEN THOUSAND TWO HUNDRED SEVEN AND 25/100*****

DATE 11/08/2007 AMOUNT \$***717,207.25

PAY TO THE ORDER OF
 UNIVERSAL SERVICE ADMINISTRATIVE CO
 135 S LASALLE DEPT 1259
 CHICAGO IL 60674 1259
 United States

John Wang
Steve C. Phil

Two signatures required on amounts over \$50,000

WARNING: ORIGINAL DOCUMENT DEVELOPS STAINS FROM SOLVENT OR BLEACH ALTERATIONS

⑈00391254⑈ ⑆121000248⑆4121070668⑈

Detach and retain this statement
 The attached check is in payment of items described below. VENDOR: 77489 UNIVERSAL SERVICE ADMINISTRATIVE CO DATE: 11/08/2007 CHECK NO: 00391254

INVOICE DATE	INVOICE NUMBER	INVOICE AMOUNT	DISCOUNT AMOUNT	AMOUNT PAID	COMMENTS
11/01/2007	CR110107	717,207.25		717,207.25	USF CHARGE 11/15/07
TOTALS:		717,207.25		\$***717,207.25	

- AMENDED -

FCC Form 499-Q Telecommunications Reporting Worksheet

Quarterly Filing for Universal Service Contributors

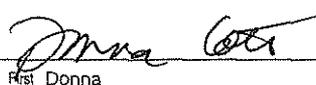
>>> Please read instructions before completing <<<

Approval by OMB
3060-0855

Block 1: Contributor Identification Information		101	Filer 499 ID	823142
102	Legal name of reporting entity	Ascent Media Network Services, Inc.		
103	IRS employer identification number	95-4833102		
104	Name telecommunications provider is doing business as	Ascent Media		
105	Holding company [All affiliated companies should show same name here.]	Ascent Media Holdings, Inc.		
106	FCC Registration Number (FRN)	0007-9415-29		
107	Complete mailing address of reporting entity's corporate headquarters	Street 1 Street 2 Street 3	520 Broadway 5th Floor	City St Country
			Santa Monica CA	Zip 90401

Block 2: Contact Information	
108	Person who completed this worksheet
	First <u>Donna</u> MI <input type="checkbox"/> Last <u>Cote</u>
109	Telephone number of this person
	(818) - 260-2163 ext
110	Fax number of this person
	(818) - 260-2010
111	Email of this person
	dcote@ascentmedia.com
112	Billing address and billing contact person. [Bills for Universal Service contributions will be sent to this address.]
	Street1 Ascent Media Group, Inc. City Burbank First Donna Last Cote Street2 2901 W Alameda Ave St CA Zip 91505 Ph. 818 260-2163 Ext Street3 5th Floor E-Mail Fax

Block 3: Contributor Historical and Projected Revenue Information														
113	Year of historical revenue information	2007												
114	Indicate which quarterly filing this represents	<table border="0"> <tr> <td><input type="checkbox"/> Filing due February 1</td> <td>Historical revenues for October 1 - December 31 (prior year)</td> <td>Projected revenues for April 1 - June 30</td> </tr> <tr> <td><input type="checkbox"/> May 1</td> <td>January 1 - March 31</td> <td>July 1 - September 30</td> </tr> <tr> <td><input checked="" type="checkbox"/> August 1</td> <td>April 1 - June 30</td> <td>October 1 - December 31</td> </tr> <tr> <td><input type="checkbox"/> November 1</td> <td>July 1 - September 30</td> <td>January 1 - March 31 (following calendar year)</td> </tr> </table>	<input type="checkbox"/> Filing due February 1	Historical revenues for October 1 - December 31 (prior year)	Projected revenues for April 1 - June 30	<input type="checkbox"/> May 1	January 1 - March 31	July 1 - September 30	<input checked="" type="checkbox"/> August 1	April 1 - June 30	October 1 - December 31	<input type="checkbox"/> November 1	July 1 - September 30	January 1 - March 31 (following calendar year)
<input type="checkbox"/> Filing due February 1	Historical revenues for October 1 - December 31 (prior year)	Projected revenues for April 1 - June 30												
<input type="checkbox"/> May 1	January 1 - March 31	July 1 - September 30												
<input checked="" type="checkbox"/> August 1	April 1 - June 30	October 1 - December 31												
<input type="checkbox"/> November 1	July 1 - September 30	January 1 - March 31 (following calendar year)												
Historical billed revenues with no allowance or deductions for uncollectibles. See instructions.		Total Revenues (a)	Interstate Revenues (b)	International Revenues (c)										
115	Telecommunications provided to other universal service contributors for resale as telecommunications or as interconnected VoIP	\$0.00	\$0.00	\$0.00										
116	End-user telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues	\$2,033,949.00	\$1,955,445.00	\$78,504.00										
117	All other goods and services	\$19,879,698.00	Column (b) and (c) not requested											
118	Gross-billed revenues from all sources [sum of above]	\$21,913,647.00	for Lines 117 and 118											
119	Projected gross-billed end-user interstate and international telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues		2,043,449	\$150,000.00										
120	Projected collected end-user interstate and international telecommunications revenues including any pass-through charges for universal service contributions, but excluding international-to-international revenues		1,874,515	\$148,125.00										

Block 4: CERTIFICATION: to be signed by an officer of the reporting entity	
121	I certify that the revenue data contained herein are privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the company. I request nondisclosure of the revenue information contained herein pursuant to sections 0.459, 52.17, 54.711 and 64.604 of the Commission's Rules. <input type="checkbox"/>
I certify that I am an officer of the above-named reporting entity, that I have examined the foregoing report and to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true, that said Worksheet is an accurate statement of the affairs of the above-named company for the quarter and that the projections of gross-billed and collected revenues represent a good-faith estimate based on company procedures and policies.	
122	Signature 
123	Printed name of officer First <u>Donna</u> MI <input type="checkbox"/> Last <u>Cote</u>
124	Position with reporting entity Vice President Taxation
125	Email of officer // Required if available // dcote@ascentmedia.com
126	Date
127	This filing is: <input type="checkbox"/> Original filing <input checked="" type="checkbox"/> Revised filing [revisions due within 45 days of original filing deadline]

Do not mail checks with this form. Send this form to: Form 499 Data Collection Agent c/o USAC 2000 L Street, N.W. Suite 200 Washington DC, 20036
For additional information regarding this worksheet contact: Telecommunications Reporting Worksheet Info: (888) 641-8722 or via e-mail: Form499@universalservice.org

PERSONS WILLFULLY MAKING FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

Save time, avoid problems -- file electronically at

<http://forms.universalservice.org>

FCC Form 499-Q
February 2007

- AMENDED -

Fee Due Calculation
USF

QUARTERLY CONTRIBUTION BASE

1,874,515.00	+	148,125.00	=	2,022,640.00
Interstate Revenue (Line 120B)		International Revenue (Line 120C)		Quarterly Contribution Base

ADJUSTED QUARTERLY CONTRIBUTION

2,022,640.00	*	0.11	=	222,490.40
Quarterly Contribution Base		FCC Contribution Factor		Unadjusted Contribution

222,490.40	-	222,490.40	*	0.1003	=	200,174.61
Unadjusted Contribution		Unadjusted Contribution		FCC Circularity Factor		Adjusted Contribution

200,174.61	/	3	=	66,724.87
Adjusted Contribution				Monthly Contribution



Administrator's Decision on Contributor Appeal

By Certified Mail

January 11, 2008

Donna Cote
Vice President of Taxation
Ascent Media Group
2901 W. Alameda Avenue, 5th Floor
Burbank, CA 91505

Re: Ascent Media Group (499 Filer ID #823142)
Letter of Appeal dated November 14, 2007

Dear Ms. Cote:

The Universal Service Administrative Company (USAC) has completed its evaluation of your letter of appeal submitted on behalf of Ascent Media Group (Ascent) dated November 14, 2007 (Appeal). Your Appeal attempted to correct projected revenue on Ascent's August 2007 FCC Form 499-Q (August Form 499-Q or August Worksheet). Your Appeal also requested that USAC accept your enclosed amended return; make adjustments to your account and refund an amount of \$517,032.64. As discussed in more detail below, USAC hereby denies Ascent's Appeal.

Procedural Background

Federal Communications Commission (FCC) regulations require carriers, unless they meet the *de minimis* exemption¹ to submit an FCC Form 499-Q (Form 499-Q or Worksheet) reporting projected revenue for the upcoming quarter. USAC relies on revenue as reported in order to calculate a carrier's universal service obligation.²

The August Form 499-Q, which is the subject of Ascent's Appeal, had a due date of August 1, 2007. The revision window for quarterly Worksheets is 45-days.³ Thus, the

¹ See 47 C.F.R. §§ 54.708.

² See 47 C.F.R. §§ 54.709 and 54.711.

³ 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 and 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-

revision deadline for the August Worksheet was September 17, 2007. Ascent filed its original August Worksheet on August 1, 2007 and did not file a revised form in advance of the revision deadline. As a courtesy, USAC notified Ascent on August 13, 2007 of a significant increase in revenue reported on the August Worksheet. This information should have alerted Ascent that a review of its August 1 filing would have been prudent given there was sufficient time to revise the filing prior to the September 17, revision deadline.

The Appeal stated that the company's total projected revenue was inadvertently reported on lines 119 and 120 and Ascent did not realize the error until receipt of the October 22, 2007 bill.⁴ Ascent further stated that USAC's "policy only allows 45 days in which to amend a return after the original return is filed." The FCC recently explained that it established a 45-day revision window to give contributors an opportunity to revise their quarterly Worksheets while adequately maintaining appropriate USF funding in a given quarter.⁵ USAC does not have the authority to waive the FCC-established 45-day revision deadline. Ascent has an opportunity to file revised revenue information as part of the annual true-up associated with the Form 499-A filing.⁶

On April 1, 2008, Ascent will be required to submit a 2008 FCC Form 499-A reporting 2007 revenue. The annual true-up process will compare Ascent's reported actual 2007 revenue to projected revenue reported on the quarterly forms, including the revenue projected for fourth quarter of 2007, which was reported on the August Form 499-Q at issue in the appeal. Therefore, assuming, but not concluding, that Ascent's billings should be adjusted, Ascent will receive adjustments or credits, as appropriate, on its invoices beginning in July 2008.

571, 92-237, 99-200, 95-116, 98-170, Report and Order and Second Further Notice of Proposed Rulemaking, 17 FCC Rcd 24952, 24972, FCC 02-329 (2002) (*Interim Contribution Methodology Order*), ¶ 36; *see also*, Appendix C, p.82 (February 2003 FCC Form 499-Q Instructions).

⁴ *See Ascent Letter of Appeal.*

⁵ *See Federal-State Joint Board on Universal Service, Request for Review by: ABS-CBN Telecom North America, Incorporated of Decision of Universal Service Administrator; Southwest Communications, Inc. of Decision of Universal Service Administrator; and Trans National Communications International, Inc., Decision of Universal Service Administrator*, CC Docket Nos. 96-45, 2007 WL 784322, DA-07-1276 (2007) (*USF Reconciliation Process Order*), ¶ 2 ("Beginning in 2003, contributors have had the opportunity to correct their quarterly filings up to 45 days after the due date of each FCC Form 499-Q filing. In addition, all filers must submit an annual Telecommunications Reporting Worksheet (FCC Form 499-A), which contains the filer's actual revenues from the previous calendar year. To the extent that contributors have under- or overestimated their revenue information and have paid too little or too much, the FCC Form 499-A is used to true-up universal service billings and payments.").

⁶ *See Interim Contribution Methodology Order*, ¶ 36 ("Similar to existing policies, contributors will have an opportunity to correct their projections up to 45 days after the due date of each Form 499-Q filing and through the annual true-up process.")

Donna Cote
Ascent Media Group
January 11, 2008
Page 3 of 3

Decision on Appeal: Denied

USAC's review indicates because the October, November and December 2007 billings at issue in the appeal were based on revenue reported by Ascent on its August 2007 Form 499-Q, the invoices issued were correct. Accordingly, Ascent's Appeal is denied.

If you wish to further appeal this decision, you may file an appeal with the FCC. Detailed instructions for filing appeals are available at:

<http://www.universalservice.org/fund-administration/contributors/file-appeal>

Sincerely,

USAC

Universal Service Administrative Company

cc: Regina Dorsey, FCC Office of Managing Director
Hillary DeNigro, FCC Enforcement Bureau
Trent Harkrader, FCC Enforcement Bureau
Greg Guice, FCC Wireline Competition Bureau