Filers may report international revenues in Section 43.61 reports that are net of credits at the time the credits are issued. For FCC Form 499 purposes, credits may be recognized only when redeemed. In Form 499 worksheets, filers that use earned revenue to represent billed revenue may recognize credits when redeemed but may not report negative revenues. Other filers should include credits in uncollectibles, when earned.

Revenue from circuits within the United States that connect a customer to an international circuit should be reported as interstate. Revenue from circuits that connect foreign points should be reported on Line 418.

If you have any revenues for Lines 303-314 and 403-420, you may not omit the dollar amounts from column (a) even if 100% of the revenues are for interstate or international services.

3. Columns (b), (c), (d), and (e) interstate & international

Columns (b), (c), (d), and (e) are provided to identify the part of gross revenues that arise from interstate and international services for each entry on Lines 303 through 314 and Lines 403 through 417. Intrastate telecommunications means communications or transmission between points within the same State, Territory, or possession of the United States, or the District of Columbia. Interstate and international telecommunications means communications or transmission between a point in one state, territory, possession of the United States or the District of Columbia and a point outside that state, territory, possession of the United States or the District of Columbia. Revenues from services offered under interstate tariffs, such as revenues from federal subscriber line charges and from federally tariffed LNP surcharges, should be identified as interstate revenues. This includes amounts incorporated in or bundled with other local service charges.

For example, if a prepaid calling card provider collects a fixed amount of revenue per minute of traffic, and 65 percent of minutes are interstate, then interstate revenues would include 65 percent of the per-minute revenues. Similarly, if a local exchange carrier bills local measured service charges for calls that originate in one state and terminate in another, these billings should be classified as interstate even though the charges are covered by a state tariff and the revenues are included in a local service account. If over ten percent of the traffic carried over a private or WATS line is interstate, then the revenues and costs generated by the entire line are classified as interstate.[32] In general, flat-rated unbundled network access elements should be classified according to the regulatory agency that has primary jurisdiction over the contracts.

Amounts billed to customers to recover federal universal service contribution obligations should be attributed as either interstate or international revenues, as appropriate, but may not be reported as intrastate revenues. Filers should report intrastate revenues on Line 403 only to the extent that actual payments to state universal service programs were recovered by pass-through charges itemized on customer bills.

Note: Where possible, filers should report their amount of total revenues that are interstate and international by using information from their books of account and other internal data reporting systems. Where a filer can determine the precise amount of revenues that it has billed for interstate and international services, it should enter those amounts in columns (d) and (e), respectively.

If interstate and international revenues cannot be determined directly from corporate books of account or subsidiary records, filers may provide on the Worksheet good-faith estimates of these figures. In such cases, the filer should enter the good-faith estimates of the percentage of interstate and the percentage of international revenues in columns (b) and (c), respectively. A reporting entity may not submit a good-faith estimate lower than one percent unless the correct figure should be $0. Good-faith estimates must be based on information that is current for the filing period. Information supporting good-faith estimates must be made available to either the FCC or to the administrators upon request. Using the good-faith estimate, calculate the amount of interstate revenues as the amount in column (a)

[32] *See* 47 C.F.R. § 36.154(a).

times the percentage in column (b), and calculate the amount of international revenues as the amount in column (a) times the percentage in column (c). For convenience, calculated interstate and international revenue amounts that are greater than one thousand dollars may be rounded to the nearest thousand dollars. Please enter zero dollars in columns (d) and (e) if, and only if, there were no interstate revenues for the line for the reporting period.

Note that the FCC provides the following safe harbor percentages of interstate revenues associated with Line 309, Line 409, and Line 410:[33]

28.5% of cellular and broadband PCS telecommunications revenues billed between January 1, 2006 and September 30, 2006
37.1% of cellular and broadband PCS telecommunications revenues billed between October 1, 2006 and December 31, 2006
12.0% of paging revenues
1.0% of analog SMR dispatch revenues

These safe harbor percentages may not be applied to universal service pass-through charges, fixed local service revenues, or toll service charges. **All filers must report the actual amount of interstate and international revenues for these services.** For example, toll charges for itemized calls appearing on mobile telephone customer bills should be reported as intrastate, interstate or international based on the origination and termination points of the calls.

The FCC provides the following safe harbor percentage of interstate interconnected VoIP revenues associated with Line 303.2, Line 404.4, Line 404.5 and Line 414.2.

64.9% of interconnected VoIP telecommunications revenues

These safe harbor percentages may not be applied to universal service pass-through charges or other fixed local service revenues.

Wireless telecommunications providers and interconnected VoIP providers that choose to avail themselves of these safe harbor percentages for interstate revenues may assume that the FCC will not find it necessary to review or question the data underlying their reported percentages. All affiliated wireless telecommunications providers and interconnected VoIP providers must make a single election, each quarter, whether to report actual revenues or to use the current safe harbor within the same safe harbor category.[34] So, for example, if in a calendar quarter a wireless telecommunications provider reports actual interstate revenues for its cellular and broadband PCS

[33] *See 2006 Contribution Methodology Reform Order,* 21 FCC Rcd at 7532-33, 7545-46, paras. 25-27, 53-55. *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,* Report and Order and Second Further Notice of Proposed Rulemaking, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, 17 FCC Rcd 24,952 (2002) (Contribution Methodology Order); *see also, Federal-State Joint Board on Universal Service,* Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, CC Docket No. 96-45, 13 FCC Rcd 21252, 21258-60 (1998).

[34] *See Federal-State Joint Board on Universal Service*, Order and Order on Reconsideration, CC Docket No. 96-45, 18 FCC Rcd 1421 (2003). Note: Wireless telecommunications providers are "affiliated" for purposes of making the single election whether to report actual interstate telecommunications revenues or use the applicable interim wireless safe harbor if one entity (1) directly or indirectly controls or has the power to control another, (2) is directly or indirectly controlled by another, (3) is directly or indirectly controlled by a third party or parties that also controls or has the power to control another, or (4) has an "identity of interest" with another contributor. *See also*, 47 C.F.R. § 1.2110(c)(5).

telecommunications services, all of its affiliated legal entities must also report actual interstate telecommunications revenues for cellular and broadband PCS offerings. The same wireless telecommunications provider and all affiliates, however, could use the safe harbor for paging services. Annual revenues reported on the FCC Form 499-A should reflect the filer's reporting of revenues in each quarter on FCC Form 499-Q. For example, if a filer projected revenue based on a safe harbor for the first two quarters and based on traffic studies for the final two quarters, the amounts reported in the FCC Form 499-A for the first two quarters would be based on actual billings for those quarters and the relevant safe harbors, and the amounts reported for the final two quarters would be based on actual billings for those quarters and the traffic studies for those quarters.

Many carriers and other providers of telecommunications now offer packages that bundle fixed local exchange service with interstate toll service for a single price. Revenues for the whole bundle, except for tariffed subscriber line and PICC charges, should be reported on Line 404, as described more fully below. The portion of revenues associated with interstate and international toll services must be identified in columns (d) and (e), respectively. Filers should make a good-faith estimate of the amounts of interstate and international revenues from bundled local/toll service if they cannot otherwise determine these amounts from corporate records, and must make their methodology available to the Commission or the Administrator, upon request.

Interconnected VoIP and CMRS providers may rely on traffic studies if they are unable to determine their actual interstate and international revenues.[35] In developing their traffic studies, interconnected VoIP and CMRS providers may rely on statistical sampling to estimate the proportion of minutes that are interstate and international. Such sampling techniques must be designed to produce a margin of error of no more than one percent with a confidence level of 95%. If the sampling technique does not employ a completely random sample (e.g., if stratified samples are used), then the respondent must document the sampling technique and explain why it does not result in a biased sample. Traffic studies should include, at a minimum: (1) an explanation of the sampling and estimation methods employed and (2) an explanation as to why the study results in an unbiased estimate with the accuracy specified above. Mobile wireless providers and interconnected VoIP providers should retain all data underlying their traffic studies as well as all documentation necessary to facilitate an audit of the study data and be prepared to make this data and documentation available to the Commission upon request. In addition, CMRS and interconnected VoIP providers that rely on traffic studies must submit those studies to the Commission and USAC for review.[36]

Filers report total uncollectible revenue/bad debt expenses on Lines 421 and 422. Filers that maintain separate detail of uncollectibles by type of business should rely on those records in dividing uncollectible expense between carrier's carrier, contribution base and other revenues, and for dividing uncollectibles associated with contribution base revenues between intrastate, interstate and international categories. Filers that do not have such detail should make such assignments in proportion to reported gross revenues.

4. Explanation of Block 3 and Block 4-A revenue categories

The revenue detail provided in Block 3 on Lines 303 through 314 and in Block 4-A on Lines 403 through 418 should total to total gross revenues reported on Line 419. This section explains the detailed revenue categories.

Filers are instructed to report revenues from other universal service contributors on Lines 303 through 314. *See*

[35] *See 2006 Contribution Methodology Reform Order*, 21 FCC Rcd at 7534-36, 7547, paras. 29-33, 57. *See also, Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as Amended; 1998 Biennial Regulatory Review – Review of Customer Premises Equipment and Enhanced Services Unbundling Rules in the Interexchange, Exchange Access and Local Exchange Markets*, CC Docket Nos. 96-61, 98-183, Report and Order, 16 FCC Rcd 7418, 7446-48, paras. 47-51 (2001) (CPE Bundling Order).

[36] *See Vonage Holdings Corp. v. FCC, 2007 WL 1574611, at *10 (vacating the Commission's requirement that traffic studies submitted by interconnected VoIP providers be preapproved.)*

Section III-C-1, above. Filers are instructed to report all other revenues on Lines 403 through 418. In many cases, the line-item categories are duplicated in the two sections. Carriers that are required to use the Uniform System of Accounts (USOA) prescribed in Part 32 of the Commission's rules should base their responses on their USOA account data and supplemental records, dividing revenues into those received from universal service contributors and those received from end users and other non-contributors. All filers should report revenues based on the following descriptions.

Fixed local service revenue categories

Fixed local services connect a specific point to one or more other points. These services can be provided using either wireline, fixed wireless, or interconnected VoIP technologies and can be used for local exchange service, private communications, or access to toll services.

Line 303 and Line 404 -- Monthly service, local calling including message and local toll charges, connection charges, vertical features, and other local exchange services should include the basic local service revenues except for local private line revenues, special access revenues, and revenues from providing mobile or cellular services. Line 303 and Line 404 should include charges for optional extended area service, dialing features, local directory assistance, added exchange services such as automatic number identification (ANI) or teleconferencing, LNP surcharges, connection charges, charges for connecting with mobile service and local exchange revenue settlements. Revenues for services provided to carriers should be divided between Line 303.1 -- provided as unbundled network elements (UNEs) -- and Line 303.2 -- provided under tariffs or arrangements other than unbundled network elements (for example, resale). Line 303.2 should include Presubscribed Interexchange Carrier Charge (PICC) charges levied on carriers.

Line 404.1-404.5 revenues should be divided between local exchange service provided using non-interconnected VoIP methods (Line 404.1, Line 404.2, and Line 404.3) and service provided as interconnected VoIP (Line 404.4 and Line 404.5). Revenue from non-interconnected VoIP plans that include interstate calling as part of the flat monthly fee should be reported on Line 404.1 and Line 404.2, with the local service portion reported on Line 404.1 and the toll portion reported on Line 404.2. If the revenue from the toll portion of such service is attributed to an affiliate, that affiliate must report such revenues on Line 404.2, not on Line 414. Revenue from non-interconnected VoIP local exchange services plans that do not include interstate calling should be reported on Line 404.3.

Local exchange service provided *via* interconnected VoIP service should be reported in Lines 404.4 or 404.5 depending on whether the revenues are earned from interconnected VoIP offered in conjunction with a broadband connection (Line 404.4) or independent of the broadband connection (Lines 404.5).[37] We note that for incumbent local exchange carriers the interstate subscriber line charge represents the interstate portion of local exchange service revenues. These amounts are separate from toll revenues and correspond to the costs associated with allowing customers to originate and terminate interstate calls. Interconnected VoIP providers not reporting based on the safe harbor must make a similar allocation as well as determine the appropriate portion of revenues to allocate to interstate and international toll service.

Line 404 should not include subscriber line charges levied under a tariff filed by the reporting entity or placed on customer bills as a pass-through of underlying carrier subscriber line charges. Filers should instead report such revenues on line 405. Note that federal subscriber line charges typically represent the interstate portion of fixed local exchange service. Filers without subscriber line charge revenue must identify the interstate portion of fixed local exchange service revenues in column (d) of the appropriate line 404.1-404.5. Line 404.1-404.5 also should include revenues from federally tariffed LNP surcharges and these surcharges should be identified as interstate revenues.

Line 304 -- Line 304 should include per-minute charges for originating or terminating calls. This line also would include revenues to the local exchange carrier for messages between a cellular customer and another station within the mobile service area. The line should include any other gross charges to other carriers for the origination or termination of toll or non-toll traffic. Do not deduct or net payments to carriers for origination or termination of traffic on their networks. Revenues for originating and terminating minutes should be divided between Line 304.1 - provided under state or federal access and Line 304.2 - provided as unbundled network elements or other contract arrangements. Do not include international settlement or settlement-like receipts or transiting fees from international toll services.

Line 405 -- Line 405 should include charges to end users specified in access tariffs, such as tariffed subscriber line charges and PICC charges levied by a local exchange carrier on customers that are not presubscribed to an interexchange carrier (*i.e.*, a no-PIC customer). However, Line 405 should not include charges to end users for special access services (which are reported on Line 406). Telecommunications providers that do not have subscriber line charge or PICC tariffs on file with the Commission or with a state utility commission or who are not reselling such tariffed charges, should report $0 on Line 405.

Line 305 and Line 406 -- Local private line and special access service should include revenues from providing local services that involve dedicated circuits, private switching arrangements, digital subscriber lines, and/or predefined transmission paths. Line 406 should include revenues from special access lines resold to end users unless the service is bundled with, and charged as part of a toll service, in which case the revenues should be reported on the appropriate toll service line. Report on Lines 305 and 406 revenues from offering dedicated capacity between specified points even if the service is provided over local area switched ATM or frame relay networks. Line 406 also should include revenues from telecommunications inputs provided by carriers to interconnected VoIP providers for October 1, 2006, to December 31, 2006.

Divide amounts reported on Line 305 between Line 305.1 – service provided to other contributors for resale as telecommunications and Line 305.2 – service provided to other contributors for resale as interconnected VoIP.

Amounts reported on Line 406 include revenue from the transmission component of wireline broadband Internet access service to the extent described below as well as other revenue from private line and special access service.[38]

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[37] Bundled broadband and interconnection offerings inelude those offered directly by the reporting entity and those offered by the reporting entity through an affiliate.

[38] Wireline broadband Internet access service is a service that uses wireline facilities of the telephone network to provide

Specifically, Line 406 includes all revenue from broadband service (including the transmission component of wireline broadband Internet access service) provided on a common carrier basis as well as revenue from the provision of wireline broadband Internet access transmission on a non-common carrier basis on or before August 13, 2006. Revenue for the provision of wireline broadband Internet access transmission on a non-common carrier basis on or before August 13, 2006 is to be reported at the level that the carrier was generating as of November 16, 2005 ("Freeze Level").[39] Revenues above the Freeze Level for the provision of wireline broadband Internet access transmission on a non-common carrier basis on or before August 13, 2006, should be reported on Line 418.3. Revenues for the provision of wireline broadband Internet access transmission on a non-common carrier basis after August 13, 2006 also should be reported on Line 418.3. Carriers that continued to provide wireline broadband Internet access transmission on a common carrier basis beyond August 13, 2006, should record such revenue on Line 406. All other revenues from local private line service and special access service billed to end users during 2006 also should be reported on Line 406.

Line 306 and Line 407 -- Line 306 should include revenues received from carriers as payphone compensation for originating toll calls. Line 407 should include revenues received from customers paid directly to the payphone service provider, including all coin-in-the-box revenues. Do not deduct commission payments to premises' owners.

Line 307 and Line 408 -- Other local telecommunications service revenues should include local telecommunications service revenues that reasonably would not be included with one of the other fixed local service revenue categories. Line 307 should include charges for physical collocation of equipment pursuant to 47 U.S.C. § 251(c)(6). Report on these lines revenues from offering switched capacity on local area data networks such as ATM or frame relay networks.

Line 308 -- Universal service support revenues should include all amounts that filers receive as universal service support from either states or the federal government. Line 308 should include as revenues Lifeline Assistance reimbursement for the waived portion of subscriber line or presubscribed interexchange carrier charges from the Low Income or High Cost universal service support mechanisms. Line 308 should include amounts received as cash as well as amounts received as credit against contribution obligations. Line 308 should not include any amounts charged to customers to recover universal service or similar contributions. Line 308 excludes charges or credits for subsidized services provided to schools, libraries, and rural health care providers. Such charges are properly reported as end user revenue.

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subscribers with Internet access capabilities. It can be provided over facilities such as copper loops, hybrid copper-fiber loops, fiber-to-the-curb, fiber-to-the-premises, or any other type of wireline facilities, and can use circuit-switched, packet-based, or any other technology. Wireline broadband Internet access service inextricably intertwines information-processing capabilities with data transmission such that the consumer always uses them as a unitary service. Wireline broadband Internet access service should be carefully distinguished from other wireline broadband services such as ATM, frame relay, gigabit Ethernet service, and other high-capacity special access services that end users have traditionally used for basic transmission purposes. These services lack the key characteristics of wireline broadband Internet access service – they do not inextricably intertwine transmission with information-processing capabilities. Because these services typically are used for basic transmission purposes, they are telecommunications services and must be reported on Line 406. *See Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities; Universal Service Obligations of Broadband Providers; Review of Regulatory Requirements for Incumbent LEC Broadband Telecommunications Services; Computer III Further Remand Proceedings*, Report and Order, CC Docket Nos. 02-33, 01-337, 95-20, 98-10, 20 FCC Rcd 14853, 14860, para. 9 (2005) (*Wireline Broadband Internet Access Services Order*), *petitions for review pending*, *Time Warner Telecom v. FCC*, No. 05-4769 (and consolidated cases) (3rd Cir. filed Oct. 26, 2005).

[39] *Wireline Broadband Internet Access Services Order*, 20 FCC Rcd at 13916, para. 113.

Mobile service

Mobile services are wireless communications between mobile wireless equipment, such as cellular phones, and other points.

Line 309, Line 409, and Line 410 -- Data reported on these lines should contain mobile service revenues other than toll charges to mobile service customers. Charges associated with customer premises equipment should not be included on these lines. A single category -- Line 309 -- is provided for all mobile service provided to resellers. Line 309 should include revenues received from another contributing carrier for roaming service provided to customers of that carrier. For services provided to end users, Line 409 should contain monthly charges, activation fees, service restoration, and service order processing charges, etc. Line 410 should contain message charges, including any roaming charges assessed on customers for calls placed out of customers' home areas and local directory assistance charges. End-user prepaid wireless service revenues attributable to activation and daily or monthly access charges should be reported on Line 409. End-user prepaid wireless service revenues attributable to airtime should be reported on Line 410. Itemized toll charges to mobile service customers should be included in the Lines 413 or 414, as appropriate.

Roaming charges for service provided by foreign carriers operating in foreign points are not U.S. telecommunications revenues and therefore should be reported on Line 418.

Toll service revenue categories

Toll services are telecommunications services, wireline, wireless, or interconnected VoIP services, that enable customers to communicate outside of local exchange calling areas. Toll service revenues include intrastate, interstate, and international long distance services.

Line 411 -- This line should include revenues from prepaid calling cards provided either to customers, distributors or to retail establishments. Prepaid card includes prepaid service where the customer utilizes the service provider's switching platform and a personal identification number (PIN) for purposes of verification and billing, even if the customer does not receive a physical card.[40] Gross billed revenues should represent the amounts actually paid by end user customers and not the amounts paid by distributors or retailers, and should not be reduced or adjusted for discounts provided to distributors or retail establishments. All prepaid card revenues are classified as end-user revenues. For purposes of completing this Worksheet, prepaid card revenues should be recognized when end-user customers purchase the cards. The international portion of revenue, however, should be reported consistently with the filer's 43.61 international traffic data reports.

Line 412 -- International calls that traverse the United States but both originate and terminate in foreign points are excluded from the universal service contribution base regardless of whether the service is provided to resellers or to end users. These revenues should be segregated from other toll revenues by showing them on Line 412. Telecommunications providers should not report international settlement revenues from traditional settlement transiting traffic on the Worksheet.

[40] *See AT&T Corp. Petition for Declaratory Ruling Regarding Enhanced Prepaid Calling Card Services, Regulation of Prepaid calling Card Services*, WC Docket Nos. 03-133, 05-68, Order and Notice of Proposed Rulemaking, 20 FCC Rcd 4826, 4827-4827, para. 3 (2005).

Line 310 and Line 413 -- Operator and toll calls with alternative billing arrangements should include all calling card or credit card calls, person-to-person calls, and calls with alternative billing arrangements such as third-number billing, collect calls, and country-direct type calls that either originate or terminate in a U.S. point. These lines should include all charges from toll or long distance directory assistance. Lines 310 and 413 should include revenues from all calls placed from all coin and coinless, public and semi-public, accommodation and prison telephones, except that calls that are paid for via prepaid calling cards should be included on Line 411 and calls paid for by coins deposited in the phone should be included on Line 407.

Line 311 and Lines 414.1 and Line 414.2 -- Ordinary long distance and other switched toll services should include amounts from account 5100 -- long distance message revenues-- except for amounts reported on Lines 310, 407, 411, 412 or 413. Line 311 and Line 414.1 and Line 414.2 should include ordinary message telephone service (MTS), WATS, subscriber toll-free, 900, "WATS-like," and similar switched services. This category includes most toll calls placed for a fee and should include flat monthly charges billed to customers, such as account maintenance charges, PICC pass-through charges, and monthly minimums. Ordinary long distance includes separately stated toll revenue from wireline, wireless and interconnected VoIP services. Ordinary long distance provided to end users using non-interconnected VoIP technologies should be reported on Line 414.1. This includes toll service that employs Internet Protocol, but that is not provided on an interconnected VoIP basis.[41] Note that the revenues for the toll portion of flat rated non-interconnected VoIP local service should be reported on Line 404.2, regardless of whether this portion of revenue is reported by a local exchange carrier or by its toll affiliate. Separately billed revenue for ordinary long distance provided to end users using interconnected VoIP should be reported on Line 414.2. Note that the revenue for the toll portion of flat rated interconnected VoIP local exchange service should be reported on Line 404.4 or Line 404.5, as appropriate.

Line 312 and Line 415 -- Long distance private line service should include revenues from dedicated circuits, private switching arrangements, and/or predefined transmission paths, extending beyond the basic service area. Line 312 and Line 415 should include frame relay and similar services where the customer is provided a dedicated amount of capacity between points in different basic service areas. This category should include revenues from the resale of special access services if they are included as part of a toll private line service.

Line 313 and Line 416 -- Satellite services should contain revenues from providing space segment service and earth station link-up capacity used for providing telecommunications or telecommunications services via satellite. Revenues derived from the lease of bare transponder capacity should not be included on Lines 313 and 416.

Line 314 and Line 417 -- All other long distance services should include all other revenues from providing long distance communications services. Line 314 and Line 417 should include toll teleconferencing. Line 314 and Line 417 should include switched data, frame relay and similar services where the customer is provided a toll network service rather than dedicated capacity between two points.

Other revenue categories

Line 403 -- Itemized charges levied by the reporting entity in order to recover contributions to state and federal universal service support mechanisms should be classified as end-user billed revenues and should be reported on Line 403. Any charge that is identified on a bill as recovering contributions to universal service support mechanisms must be shown on Line 403 and should be identified as either interstate or international revenues, as appropriate. Filers should report intrastate revenues on line 403 only to the extent that actual payments to state universal service programs were recovered by pass-through charges itemized on customer bills.

[41] *See Petition for Declaratory Ruling that AT&T's Phone-to-Phone IP Telephony Services are Exempt from Access Charges*, Order, WC Docket No. 02-361, 19 FCC Rcd 7457 (2004).

Line 418 -- Other revenues that should not be reported in the contribution bases. Line 418 should include all non-telecommunications service revenues on the reporting entity's books, as well as some revenues that are derived from telecommunications-related functions, but that should not be included in the universal service or other fund contribution bases. For example, information services offering a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications are not included in the universal service or other fund contribution bases. Information services do not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service. Information services also are called enhanced services because they are offered over transmission facilities used in interstate communications and employ computer processing applications that act on the format, content, code, protocol, or similar aspects of the subscriber's transmitted information; provide the subscriber additional, different, or restructured information; or involve subscriber interaction with stored information. For example, call moderation and call transcription services are information services. These services are exempt from contribution requirements and should be reported on Line 418. Line 418 should include revenues from published directory and billing and collection services. Line 418 should include revenues from the sale, lease, installation, maintenance, or insurance of customer premises equipment (CPE). Line 418 should include inside wiring charges and inside wiring maintenance insurance. Line 418 should include the sale or lease of transmission facilities, such as dark fiber or bare transponder capacity, that are not provided as part of a telecommunications service or as a UNE. Line 418 should include pole attachment revenues. Line 418 should include revenues from providing open video systems (OVS), cable leased access, and direct broadcast satellite (DBS) services. Line 418 should include late payment charges and charges (penalties) imposed by the company for customer checks returned for non-payment. Line 418 should include revenues from telecommunications services provided in a foreign country where the traffic does not transit the United States or where the carrier is providing service as a foreign carrier, *i.e.* a carrier licensed in that country.

Revenue reported on Line 418 should be divided into three categories. Use Line 418.1 to report any revenues from other non-telecommunications goods or services that are bundled with wireline or wireless circuit switched exchange access services. Use Line 418.2 to report any revenues from other non-telecommunications goods or services that are bundled with interconnected VoIP service. Use Line 418.3 to report all other revenues properly reported on line 418. Use Line 418.3 to report revenue from providing wireline broadband Internet access service that is not reportable on Line 406. Line 418.3 includes all non-common carrier wireline broadband internet access service billed after August 13, 2006, and cable modem service (to the extent that cable modem service is being provided by an entity already filing an FCC Form 499-A).

Allocation of revenues between either wireline or interconnected VoIP telecommunications and bundled non-telecommunications, such as information services and CPE, are governed by the Commissions bundling rules. The Commission adopted two "safe harbor" methods for allocating revenue when telecommunications and CPE/enhanced services are offered as a bundled package.[42] The first option is to report revenues from bundled telecommunications and CPE/enhanced service offerings based on the unbundled service offering prices, with no discount from the bundled offering being allocated to telecommunications. Alternatively, contributors may elect to treat all bundled revenues as telecommunications revenues for purposes of determining their universal service obligations. Filers may choose to use allocation methods other than the two described above. Filers should realize, however, that any other allocation methods may not be considered reasonable, and will be evaluated on a case-by-case basis in an audit or enforcement context. Prepaid calling card providers may avail themselves of the bundled service safe harbors for separating revenue between telecommunications and information services.[43]

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[42] *CPE Bundling Order*, 16 FCC Rcd 7418.

[43] *See Regulation of Prepaid Calling Card Services*, WC Docket No. 05-68, Declaratory Ruling, Report and Order, 21 FCC Rcd 7290, 7298. para. 22 (2006).

5. Block 4-B total revenue and uncollectible revenue information

The Administrator relies on the detail line information on the Worksheet to arrive at the totals shown in Block 4-B. The Administrator will attempt to resolve conflicts between any sums that differ from the information entered into the totals on Block 4-B.

Line 419 -- Gross billed revenues from all sources should equal the sum of revenues by type of service reported on Lines 303 through 314 and Lines 403 through 418.

Line 420 -- Universal service contribution base revenues should equal the subtotal of Lines 403 through 411 and Lines 413 through 417 for each column. The totals on this line represent gross end-user revenues for the purpose of determining contributions to universal service support mechanisms. See also instructions for Line 511 in Section III-D.

Line 421 -- Show the uncollectible revenue/bad debt expense associated with gross billed revenues amounts reported on Line 419. In addition, for those using billed revenues, this line may include redeemed credits. Reported uncollectible amounts should be the amount reported as bad debt expense in the filer's income statement for the year. Note that it will include uncollectibles associated with all revenue on the filer's books (Line 419), covering carrier's carrier revenues, end-user telecommunications revenues and revenues reported on Line 418. The contributor's uncollectible revenues/bad debt expense should be calculated in accordance with Generally Accepted Accounting Principles. Thus, uncollectibles should represent the portion of gross billed revenues that the contributor reasonably expects will not be collected. Note that uncollectibles may not include any amounts associated with unbillable revenues.[44] Filers that operate on a cash basis should report $0 on this line. Filers that used earned revenue to represent billed revenues should not report as uncollectible any billings that are not included in earned revenues.

Line 422 -- Show the portion of the uncollectible revenue/bad debt expense reported on Line 421 that is associated with just the universal service contribution base amounts reported on Line 420.[45] Filers that maintain separate detail of uncollectibles by type of business should rely on those records in determining the portion of gross uncollectibles reported on Line 421 that should be reported on Line 422. Filers that do not have such detail should make such assignments in proportion to reported gross revenues. Filers must be able to document how the amounts reported on Line 422 relate to the uncollectible revenue/bad debt expense associated with gross billed revenues reported on Line 421.

In exceptional circumstances, amounts reported on Line 422 may exceed amounts reported on Line 421 or either amount might actually be negative. These situations can arise where amounts previously written off as uncollectible subsequently are collected.

Line 423 -- Net universal service contribution base revenues should equal the amounts reported on Line 420 minus the amounts reported on Line 422.

[44] *See Contribution Methodology Order* at n.95.

[45] *See Contribution Methodology Order*, 17 FCC Rcd 24,952. *See, e.g., Proposed First Quarter 2004 Universal Service Contribution Factor*, CC Docket No. 96-45, Public Notice, 18 FCC Rcd 25111 (2003).

6. Notes for carriers that use the USOA

The revenue accounts in the USOA as adopted in 1986 generally correspond to specific revenue lines in Block 3 and Block 4. For example, revenue amounts recorded in accounts 5001, 5002, 5050, 5060 and 5069 should be reported on Line 303 or Line 404, as appropriate. Similarly, revenues recorded in account 5280 should be reported on Line 407. There are some exceptions. For example, monthly and connection revenues from mobile services provided to end users in account 5004 should be reported on Line 409. Per-minute revenues from end users in account 5004 should be reported on Line 410. However, revenues in account 5004 from exchanging traffic with mobile service carriers should be reported on Line 304. Similarly, state per-minute access revenues recorded in account 5084 should be reported on Line 304; state special access revenues recorded in account 5084 should be reported on Line 305 and Line 406, as appropriate; and, state subscriber line charge revenues recorded in account 5084 should be reported on Line 405. Uncollectible revenue recorded in account 5300 should be reported on Line 421. The portion of these revenues that correspond to contribution base revenues should be reported on Line 422.

In 2001, the Commission adopted changes to the USOA.[46] These changes in account structure have not changed which revenues should be reported on which FCC Form 499 lines. Most revenues classified in account 5001 -- basic area revenues, should continue to be reported on Line 303 or Line 404. However, local exchange carrier revenues from mobile carriers for calls between wireless and wireline customers should be reported on Line 304 and revenues from mobile services on Line 309, Line 409 or Line 410, as appropriate. Revenues classified in account 5200, miscellaneous revenues, should be divided into several lines for reporting purposes. For example, account 5200 includes revenues derived from UNEs, which should continue to be reported on Line 303 and, reciprocal compensation, which will continue to be reported on Line 304.

Some types of incidental regulated revenues contained in account 5200, miscellaneous revenues, will continue to be reported on Lines 403 through 408. These include collection overages and non-refundable prepaid amounts that are not used by the customer. Note that late payment charges, bad check penalties imposed by the company, enhanced services, billing and collection, customer premises equipment sale, lease or insurance, and published directory revenues should continue to be reported on Line (418).

Revenues recorded in account 5100, long distance network service revenues, will continue to be reported on Line 310 through Line 314 and Line 411 through Line 417, as appropriate.

D. Block 5: Additional Revenue Breakouts

Lines 501-502 -- Copy the Filer 499 ID from Line 101 into Line 501. Copy the legal name of the reporting entity from Line 102 into Line 502.

Lines 503-510 -- In these lines, filers should identify the percentages of their telecommunications revenues by LNPA region. Payphone service providers, private service providers, and shared-tenant service providers that have certified that they are exempt from contributing to the shared costs of LNP need not provide these breakdowns. Carriers should calculate or estimate the percentage of revenues that they billed in each region based on the amount of service they actually provided in the parts of the United States listed for each region. The percentages in column (a) should add to 100% unless the filer did not provide any services for resale by other contributors to the federal universal service support mechanisms. The percentages in column (b) should add to 100% unless the filer did not provide any telecommunications services to end users or non-contributing carriers. Carriers do not need to complete

[46] *See 2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2*, CC Docket No. 00-199, Report and Order in CC Docket Nos. 00-199, 97-212, and 80-286 and Further Notice of Proposed Rulemaking in CC Docket Nos. 00-199, 99-301, and 80-286, 16 FCC Rcd 19911 (2001), recon. pending.

column (a) if they have some end-user revenues in each of the regions in which they have carrier operations.

Line 511 -- Identify revenues from resellers that do not contribute to universal service support mechanisms and that are included in Block 4. Revenues from resellers that do not contribute to universal service support mechanisms are included on Line 420 but may be excluded from a filer's TRS, NANPA, LNP, and FCC interstate telephone service provider regulatory fee contribution bases. To have these amounts excluded, the filer has the option of identifying such revenues on Line 511. Line 420 may contain revenues from some FCC Form 499 filers that are exempt from contributing directly to universal service support mechanisms. For example, these would include filers that meet the universal service *de minimis* exception or that provide "international only" service. Since these universal service exempt entities generally do contribute directly to the TRS, LNP, and NANPA mechanisms, revenues from these entities need not be included in the underlying service provider contribution bases for those mechanisms. Filers choosing to report revenues on Line 511 must have the FCC Filer 499 ID for each customer whose revenues are so reported.

E. Block 6: Certification.

Lines 601-602 -- Copy the Filer 499 ID from Line 101 into Line 601. Copy the legal name of the reporting entity from Line 102 into Line 602.

Line 603 -- In this line, filers may certify that they are exempt from one or more contribution requirement(s) by checking the box next to the mechanism(s) from which they are exempt. As explained above, the FCC Form 499 Telecommunications Reporting Worksheet enables telecommunications carriers and service providers to satisfy a number of requirements in one consolidated form. Not all entities that file the Telecommunications Reporting Worksheet must contribute to all of the support and cost-recovery mechanisms (universal service, LNP, TRS, and NANPA). For example, certain telecommunications providers that are not telecommunications carriers must contribute to the universal service support mechanisms, but not to the TRS, LNP, and NANPA mechanisms. Section IV-A below provides summary information on which filers must contribute and which filers are exempt from particular contribution requirements. Filers that certify that they are exempt from one or more mechanism(s) should use the space provided on Line 603 to explain the exemption.

Note: It is not necessary for a filer to certify that it is *de minimis* for universal service purposes because the universal service administrator can determine whether a filer meets the contribution threshold from other information provided on the form. If, however, a reseller or other provider of telecommunications qualifies for the *de minimis* exemption, it must notify its underlying carriers that it is not contributing directly to universal service, so that it may be treated as an end user when the underlying carriers file FCC Form 499.

Filers that provided interconnected VoIP and no other subject services report for the period October 1, 2006 through December 31, 2006 must check the box on Line 603 to certify that they were not required to file FCC Form 499 worksheets prior to August 1, 2006. These filers report revenue on the 2007 Form 499-A only for the period October 1, 2006 through December 31, 2006.

Line 604 – In this line, filers indicate whether they are exempt from FCC regulatory fees or the filer is an "exempt telecommunications company."[47] A state or local governmental entity is any state, possession, city, county, town, village, municipal corporation, or similar political organization.[48] The second check box identifies organizations duly qualified as a nonprofit, tax exempt entity under section 501 of the Internal Revenue Code, 26 U.S.C. § 501. These organizations typically qualify for non-profit status under sections 501(c)(3) or 501(c)(12). Note that such

[47] 47 C.F.R. § 1.1162(c). The FCC will presume that otherwise exempt carriers prefer to pay FCC regulatory fees unless they check this box.

[48] 47 C.F.R. § 1.1162(b).

entities are not exempt from universal service, TRS, LNP, or NANPA contributions unless they qualify under some other exemption.

Line 605 – Filers may use the box in Line 605 to request nondisclosure of the revenue information contained on the Telecommunications Reporting Worksheet. By checking this box, the officer of the company signing the Worksheet certifies that the information contained on the Worksheet is privileged or confidential commercial or financial information and that disclosure of such information would likely cause substantial harm to the competitive position of the company filing the Worksheet. This box may be checked in lieu of submitting a separate request for confidentiality pursuant to section 0.459 of the Commission's rules.[49] All decisions regarding disclosure of company-specific information will be made by the Commission. The Commission regularly makes publicly available the names (and Block 1 and 2-B contact information) of the entities that file the Telecommunications Reporting Worksheet and information on which filers contribute to which funding mechanisms, including entities that checked the boxes in Line 603.

Lines 606-611 – An officer of the reporting entity must examine the data provided in the Telecommunications Reporting Worksheet and certify that the information provided therein is accurate and complete. Officers of entities making consolidated filings should refer to Section II-B, above and must certify that they comply with the conditions listed in Section II-B. An officer is a person who occupies a position specified in the corporate by-laws (or partnership agreement), and would typically be president, vice president for operations, vice president for finance, comptroller, treasurer, or a comparable position. If the reporting entity is a sole proprietorship, the owner must sign the certification. The signature on Line 606 must be in ink.

Reporting entities have the opportunity to enter data, verify, submit and certify FCC Forms 499-A and 499-Q online via a web-based data entry system. Company officers, who have previously filed a signed paper form, may certify subsequent forms online without being required to submit signed paper forms. For those officers, an electronic signature in the signature block of each form certified by that officer will be considered the equivalent to a handwritten signature on the form. By entering his or her electronic signature into the signature block of each form, the officer, therefore, acknowledges that such electronic signature certifies his or her identity and attests under penalty of perjury as to the truth and accuracy of the information contained in each electronically signed form. Visit http://www.universalservice.org/fund-administration/forms for more information and access to the online filing system.

A person who willfully makes false statements on the Worksheet can be punished by fine or imprisonment under Title 18 of the United States Code.[50]

Line 612 – Indicate whether this filing is an original filing for the year, due on April 1, a registration filing for a new service provider, a filing with revised registration information or a filing with revised revenue information. See Sections II-C and II-E, above, for information on the obligation to file revisions.

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[49] 47 C.F.R. § 0.459. *See also, Examination of Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, GC Docket No. 96-55, Report and Order, 13 FCC Rcd 24816 (1998) (listing the showings required in a request that information be withheld and stating that the Commission may defer action on such requests until a formal request for public inspection has been made).

[50] *See* 18 U.S.C. § 1001.

IV. Calculation of Contributions

Figure 3 Contribution Requirements

Most filers must contribute to the universal service, TRS, NANPA, and LNPA funding mechanisms. This section provides a short summary to assist carriers and service providers in determining whether they must contribute to one or more of the mechanisms. Filers should consult the Commission's rules and orders to determine whether they must contribute to one or more of the mechanisms.

Federal universal service support mechanisms. Entities that provide interstate telecommunications to the public for a fee must contribute to the universal service support mechanisms. *See* 47 C.F.R. § 54.706.

Telecommunications Relay Services. Every common carrier and interconnected VoIP provider providing interstate telecommunications services shall contribute to the TRS Fund. *See* 47 C.F.R. §§ 64.601(b), 64.604.

North American Numbering Plan Administration. All telecommunications carriers in the United States shall contribute to meet the costs of establishing numbering administration. *See* 47 C.F.R. § 52.17.

Shared Costs of Local Number Portability. The shared costs of long-term number portability attributable to a regional database shall be recovered from all telecommunications carriers providing telecommunications service in that region. *See* 47 C.F.R. § 52.32.

Figure 3 summarizes which telecommunications carriers and service providers must file for particular purposes.

Figure 3: Which telecommunications carriers and telecommunications providers must contribute for which purposes[51]

Type of filer	Universal Service	TRS	NANPA	LNPA
De minimis payphone aggregators that do not also have telecommunications carrier revenues		X		
Other payphone aggregators that do not also have telecommunications carrier revenues	X	X		
Telecommunications providers with no telecommunications service revenues <u>and</u> that are *de minimis*				
Telecommunications providers with no telecommunications service revenues <u>and</u> that are not *de minimis*	X			
Telecommunications carriers that provide services only to other universal service contributors			X	X
Telecommunications carriers that provide only international services		X	X	X
Telecommunications carriers that provide only intrastate services			X	X
Satellite carriers providing interstate telecommunications services	X	X	X	X
De minimis telecommunications carriers providing interstate telecommunications		X	X	X
All other telecommunications carriers providing interstate telecommunications	X	X	X	X
Interconnected VoIP providers	X	X		
De minimis Interconnected VoIP providers				

[51] This chart is provided for informational purposes only. It is not intended to be exhaustive, nor is it intended to serve as legal guidance or precedent. Filers are instructed to consult the Commission's rules and orders to determine whether they must contribute to one or more of the mechanisms. *See* 47 C.F.R. §§ 52.17, 52.32, 54.706, 64.604.

B. Contribution Bases

Filers do not calculate, in this Worksheet, the amounts that they must contribute. The administrators will use the revenue information on the Worksheet to calculate a funding base and individual contributions for each support mechanism. Individual contributions are determined by the use of "factors" -- factors reflect the total funding requirement of a particular mechanism divided by the total contribution base for that mechanism. Information on the contribution bases and individual filer contributions are shown in Figure 4.

Figure 4: Contribution bases

Support Mechanism	Funding Basis
Universal service low income and high cost; Universal service schools and libraries and rural health care	Line 423(d)* + Line 423(e) ** less revenues corresponding to universal service contributions***
TRS (Filers with interstate or international end-user revenues must pay a minimum of $25)	Line 420(d) + Line 420(e) plus Line 412(e) less Line 511(b)
NANPA (Filers with end-user revenues must pay a minimum of $25. Filers with no end-user revenues must pay $25.)	Line 420(a) plus Line 412(a) less Line 511(a)
LNPA - by region (Filers with only carrier's carrier revenue in a region must pay $100 for that region)	Line 420(a) plus Line 412(a) less Line 511(a) times percentage of end-user revenues shown on Lines 503 through 509

* As of April 2003, monthly billings for universal service are based on projected collected revenue information filed on the quarterly FCC Form 499-Q. Historical amounts reported on FCC Form 499-Q Line 116(b) and (c) correspond to FCC Form 499-A Line 420(d) and (e), respectively. The FCC Form 499-Q provides instructions for projecting revenues, and for removing uncollectible amounts from billed revenue projections. Projected collected revenues on FCC Form 499-Q Line 120(b) and (c) correspond to net universal service base revenues on FCC Form 499-A Line 423 (d) and (e), respectively. The amounts filed on the FCC Form 499-A are used to review and true-up FCC Form 499-Q filings and associated contributions.

** Line 423(e) is excluded from the contribution base if the total of amounts on Line 423(d) for the filing entity consolidated with all affiliates is less than 12% of the total of Line 423(d) + Line 423(e) for the filing entity consolidated with all affiliates. See 47 C.F.R. §54.706(c).

*** For the second quarter of 2002 through the first quarter of 2003, the contribution base for an individual filer was the subject interstate and international revenues from two quarters prior, less the universal service contributions actually made in that prior quarter.[52] Starting in the second quarter of 2003, the contribution base for an individual filer is the projected collected interstate and international revenues for the quarter, reduced by an imputed amount of universal service support pass-through charges, based on the actual factor for the quarter.[53]

[52] *See First Further Notice and Report and Order*, 17 FCC Rcd 3752.

[53] *See Contribution Methodology Order*, 17 FCC Rcd 24,952. *See, e.g., Proposed First Quarter 2004 Universal Service Contribution Factor*, CC Docket No. 96-45, Public Notice, 18 FCC Rcd 25111 (2003).

V. Reminders

- File the FCC Form 499-A online at http://forms.universalservice.org.

- Is the filer affiliated with another telecommunications provider? Each legal entity must file separately unless they qualify for filing on a consolidated basis. *See* Section II-B above. Each affiliate or subsidiary must show the same holding company information on Lines 106.1 and 106.2.

- Provide data for all lines that apply. Show a zero for services for which the filer had no revenues for the filing period. Be sure to include on Line 112 all names by which the filer is known to customers, including the names of agents or billers if those names appear on customer bills.

- Telecommunications providers that are required to contribute to universal service support mechanisms must also file quarterly FCC Form 499-Q on February 1, May 1, August 1 and November 1.

- Wherever possible, revenue information should be taken from the telecommunications providers' financial records.

- The Worksheet must be signed by an officer of the reporting entity. An officer is a person who occupies a position specified in the corporate by-laws (or partnership agreement), and would typically be president, vice president for operations, comptroller, treasurer, or a comparable position.

- Do not mail the Worksheet to the FCC. See Section II-C for filing instructions.

- Remember -- you must refile parts of the Worksheet if the Agent for Service of Process or FCC Registration information changes during the year.

- Note that FCC Form 499 is one of several forms that telecommunications carriers and other providers of interstate telecommunications may need to file. Information concerning common filing requirements for such providers may be found on the Commission's web site, at www.fcc.gov/wcb/filing.html

If you have questions about the Worksheet or the instructions, you may contact:

Form 499 Telecommunications Reporting	Form499@ universalservice.org
Worksheet Information	(888) 641-8722
Wireline Competition Bureau	
Industry Analysis and Technology Division	(202) 418-0940
TTY	(202) 418-0484

If you have questions regarding contribution amounts, billing procedures or the mechanisms, you may contact:

Universal Service Administration	(888) 641-8722
TRS Administration	(973) 884-8173
NANPA Billing and Collection Agent	(613) 236-9191
Local Number Portability Administrators	(877) 245-5277

- FEDERAL COMMUNICATIONS COMMISSION -

E

NETWORK ENHANCED TELECOM, LLP ("NetworkIP") FEDERAL UNIVERSAL SERVICE FUND / CERTIFICATION OF EXEMPTION STATUS ("Exemption Certificate")

Customer Name: ______________________
Please Type or Print

The Federal Communications Commission ("FCC") mandates that certain communications carriers have an affirmative duty to register with the FCC using FCC Form 499-A. In addition, the FCC places an additional duty on facilities-based carriers to ascertain whether reseller customers have filed an FCC Form 499-A prior to providing services to such customers. This Exemption Certificate serves to satisfy NetworkIP's obligation under 47 C.F.R. § 64.1195(h) to ascertain its customers' FCC Form 499-A filing status prior to providing service. NetworkIP will determine the Customer's exemption status from the Federal Universal Service Fund ("FUSF") charge and other applicable taxes and surcharges related to telecommunications services provided by NetworkIP ("Services") based upon the representations and information provided by Customer in this Exemption Certificate.

On behalf of Customer, the undersigned authorized officer hereby represents and certifies as follows:

1. Customer is acquiring Services from NetworkIP for resale to end user or carrier customers and not for its own internal use.

2. Customer is either a telecommunications carrior that provides interstate telecommunications service to the public for a fee on a common carrier basis, or a private service provider that offers interstate telecommunications service to others for a fee on a non-common carrier basis. As such, Customer contributes directly to the FUSF pursuant to FCC rules on the revenues derived from such Services or Customer provides the Services only to reseller carriers and Customer has obtained certifications that such reseller carriers comply with FUSF requirements. Customer is thus entitled to an exemption from NetworkIP billing Customer FUSF charges and related charges for Services that it purchases.

3. Customer has, per the requirements of 47 C.F.R. § 64.1195, completed and filed a Telecommunications Reporting Worksheet (FCC Form 499-A) with the Universal Service administrator and will continue to file such worksheets in the future as required by the FCC.

NetworkIP is relying upon the representations and information provided by Customer in this Exemption Certificate (including related documentation and subsequent amendments) to determine whether, among other things, Customer has filed its FCC Form 499-A and whether FUSF surcharges apply to Customer's purchase of Telecommunications Services from NetworkIP. Customer has an affirmative duty to immediately complete and submit an updated Exemption Certificate to NetworkIP at 119 West Tyler Street, Suite 100, Longview, TX 75601, Attn: Controller, if at any time Customer's certifications as contained herein are no longer accurate. Customer agrees to indemnify and hold NetworkIP harmless from any and all claims arising from any breach of Customer's representations herein. NetworkIP may produce this form and any information contained herein to the FCC or the Universal Service Administrator at the sole discretion of NetworkIP.

If the information provided by Customer in this Exemption Certificate, or any updated Exemption Certificate, is at any time determined to be incorrect or if it changes and Customer does not notify NetworkIP as required herein, NetworkIP reserves the right to pursue all available remedies, including but not limited to retroactively imposing any FUSF charges and other taxes and surcharges applicable to the Services provided by NetworkIP, late-payment interest and/or penalties.

The undersigned is an officer of Customer and is duly authorized by Customer to make the representations, attestations, and certifications contained herein on behalf of Customer.

Customer: ______________________

Signed: ______________________

Printed Name: ______________________

Title: ______________________

Address: ______________________
____

Telephone: ______________________

Date: 1-1-04

CERTIFICATIO^ OF UNIVERSAL SERVICE EXEMPTION

Customer Name:

Customer Address:

Customer hereby requests an exemption from payment of any charges assessed by Network Enhanced Telecom, LLP due to contribution to the Universal Service Fund (USF) established by the Universal Service Order issued by the Federal Communications Commission (FCC). Alltel represents and certifies as follows:

1. That the Customer is either a telecommunications carrier that provides interstate telecommunications service to the public for a fee on a common carrier basis, or a private service provider that offers interstate telecommunications service to others for a fee on a non-common carrier basis. As such, Customer is required to contribute to the universal service support mechanisms pursuant to Section 254 of the communications Act (47 U.S.C. §254) and FCC Rules and Orders issued to implement Sec 254 (including the Universal Service Fund Order, CC Docket No. 96-45, FCC 97-157, released 05/08/97).

2. That the Customer is acquiring services from Network Enhanced Telecom, LLP for resale to end user or carrier Customers not for its own internal use.

3. That the Customer has notified and contracted with Network Enhanced Telecom, LLP to file a Universal Service worksheet (FCC for 457) with the Universal Service Administrator for the period of ________________ and will continue to file such worksheets or other forms or documentation as required by the FCC from time-to-time.

4. That the Customer acknowledges that Network Enhanced Telecom LLP's determination of exemption will be based upon the information provided by Customer in this certification. If customer is exempted from payment of Universal Service Surcharge (in whole or in part) based upon the information provided by Customer herein, and it is hereafter determined that such information was inaccurate, Network Enhanced Telecom, LLP may retroactively bill the Customer for the amount of Universal Service Surcharge that was waived as a result of such inaccuracy without time limitation.

5 That the Customer understands that its obligation to contribute to the Universal Service Support mechanisms is a legal obligation arising under Section 254 of the communications Act (47 U.S.C. §254) and FCC rules and Orders issued to implement Section 254. The extent of the Customer's USF contribution is independent of, and is not affected by, the Customer's obligation to pay the Universal Service Surcharge to/as assessed by Network Enhanced Telecom, LLP or any exemption from that charge as determined by Network Enhanced Telecom. If customer fails to provide timely and accurate information to Network Enhanced Telecom, LLP, the Customer may be liable both to Network Enhanced Telecom, LLP for the Universal Service Surcharge and to the Universal Sevice Administrator for its contribution to the universal service support mechanism.

6. That the Customer acknowledges that Network Enhanced Telecom, LLP may provide a copy of their Certification to the Universal Service Administrator, to the FCC or to an authorized auditor.

7. That the undersigned individual is authorized by Customer to make this Certification on its behalf.

8. The Customer agrees to indemnify and hold Network Enhanced Telecom, LLP harmless from any and all claims arising from any breaches of their representations.

Customer: ________________

By: ________________
(Signature)

Title: ________________
(Print or type name)

Date: ________________

NETWORK ENHANCED TELECOM, LLP ("NetworkIP") FEDERAL UNIVERSAL SERVICE FUND / CERTIFICATION OF EXEMPTION STATUS ("Exemption Certificate")

Customer:

NetworkIP will determine the above identified NetworkIP customer's ("Customer") exemption status from the Federal Universal Service Fund ("FUSF") charge and other applicable taxes and surcharges related to telecommunications services[1] provided by NetworkIP ("Services") based upon the representations and information provided by Customer in this Exemption Certificate. 47 C.F.R. § 64.1195 requires certain telecommunications carriers to register using FCC Form 499-A. This Exemption Certificate requires Customer to confirm that it has either filed an FCC Form 499-A with the Universal Service Administrator or is not subject to those filing requirements. Customer's obligation to contribute to the FUSF is a legal obligation arising from Section 254 of the Communications Act (47 U.S.C. § 254) and FCC Rules and Orders and is independent from Customer's obligation to pay FUSF surcharges to and as assessed by NetworkIP. Failure of Customer to timely and accurately provide an Exemption Certificate to NetworkIP may result in liability both for FUSF contributions to the Universal Service Administrator and payment of FUSF surcharges to NetworkIP. **A copy of page 1 of FCC Form 499-A filed by the undersigned with the Universal Service Administrative Company must be included for any claim of exemption to be valid, unless otherwise indicated.** For more information, a current copy of the FCC Form 499-A worksheet can be found on the FCC's forms webpage at http://www.fcc.gov/formpage.html.

Please place an "X" in the box beside ***ALL statements that apply below.*** Should you have any questions related to this Exemption Certificate, please contact [INSERT CONTACT]. This fully completed and signed Exemption Certificate, **which must include your company's FCC Form 499 Filer ID where applicable**, must be returned to NetworkIP and an up-to-date Exemption Certificate must be kept on file with NetworkIP at all times.

The undersigned authorized officer of Customer hereby certifies that all statements marked below are true and accurate with respect to the Services that Customer purchases:

For U.S. Telecommunications Carriers Purchasing Telecommunications Services From NetworkIP:

1. Customer is entitled to an exemption from NetworkIP billing Customer FUSF charges and related charges for Services that it purchases because:

☒ a. Customer ***contributes directly*** to the FUSF pursuant to FCC rules on the revenues derived from such Services. Customer (or its affiliate identified below) has filed an FCC Form 499-A and continues to file applicable FCC Form 499 reports with the Universal Service Administrator. Customer has been assigned the following Filer ID number:

FCC Form 499 Filer ID:

Name of entity that filed FCC Form 499:

☐ b. Customer provides the Services only to reseller carriers. Customer has obtained certifications that the reseller carriers will either contribute directly to FUSF on the revenues derived from the resold Services or require its carrier customers, if any, to do so. Customer (or its affiliate

[1] *"The term 'telecommunications' means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information os sent and received." 47 U.S.C. §153(43) "The term 'telecommunications service' means the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used." 47 U.S.C §153(46).*

resold Services or require its carrier customers, if any, to do so. Customer (or its affiliate identified below) has filed an FCC Form 499-A and continues to file applicable FCC Form 499 reports with the Universal Service Administrator using the following Filer ID number:

FCC Form 499 Filer ID: ______________________________ (6 digit number)

Name of entity that filed FCC Form 499: ______________________________

☐ c. Customer uses the Services only to provide **telecommunications services that traverse the U.S.** (i.e. services that ***both*** originate and terminate outside of the U.S.[2] but are routed through the U.S.). Customer is not required to include a copy of page 1 of FCC Form 499-A.

Note: If Customer uses **any of the Services** purchased for administrative or non-resold usage, Customer must also check Box 2(a) below and submit an attachment detailing the amounts used for such purpose. Also, if Customer fails at any time to satisfy the conditions identified in the appropriate box(es) checked in Section 1 above with respect to any NetworkIP Exempt Services, Customer has an affirmative obligation to immediately file an updated Exemption Certificate with NetworkIP.

2. ☐ Customer will ***not*** be entitled to an exemption from NetworkIP billing Customer FUSF charges and applicable taxes or surcharges for the Services that it will purchase because Customer is not required to contribute directly to the universal support mechanisms because:

☐ a. Customer is purchasing the Services for its own administrative or end-user use and not for resale as a telecommunications service.

☐ b Customer's contribution would be *de minimis* (less than US $10,000 annually). *Please note that in addition to checking this box B(2), all de minimis carriers must also check one of the two boxes below regarding its FCC Form 499 filing status*:

☐ (i) Customer offers telecommunications services for a fee exclusively on a non-common carrier basis and need not file an FCC Form 499-A; or

☐ (ii) Customer provides interstate telecommunications services on a common-carriage basis and has filed an FCC Form 499-A using the following Filer ID number:

FCC Form 499 Filer ID: ______________________________ (6 digit number)

Name of entity that filed FCC Form 499:______________________________

☐ c. Customer is using the Services solely to terminate international traffic (*i.e.*, calls terminated in the U.S. which originate outside the U.S. or calls terminated outside the U.S. which originate inside the U.S.) and Customer is not required to contribute directly to the FUSF Customer is not required to file an FCC Form 499-A.

NetworkIP is relying upon the representations and information provided by Customer in this Exemption Certificate, any updated Exemption Certificates (including any related documentation) and any subsequent amendments to determine whether, among other things, Customer is qualified to purchase wholesale Telecommunications Services from NetworkIP, Customer has filed its FCC Form 499-A, as well as whether FUSF and related taxes and surcharges apply to Customer's purchase of

[2] *As used herein, "U.S." and "United States" means the United States of America, its possessions, territories, states, districts, and commonwealths, including, without limitation, Guam, Puerto Rico, and the U.S. Virgin Islands.*

Telecommunications Services from NetworkIP. **To the extent Customer has certified that it is entitled to an exemption pursuant to Section 1, Customer certifies that all wholesale accounts established for Customer after the date of this Exemption Certificate are for exempt services and that Customer will pay all FUSF charges directly to the Universal Service Administrator (as applicable) unless Customer notifies NetworkIP via an updated Exemption Certificate that Customer is purchasing non-exempt Services under such account(s). Customer has an affirmative obligation to promptly update the information provided in this Exemption Certificate. If at any time Customer's certifications as contained herein are no longer accurate, Customer shall immediately complete and submit to NetworkIP an updated Exemption Certificate and any other required documentation at the email address below. Customer agrees to indemnify and hold NetworkIP harmless from any and all claims arising from any breach of Customer's representations herein. NetworkIP may produce this form and any information contained herein to the FCC or the Universal Service Administrator at the sole discretion of NetworkIP**

If the information provided by Customer in this Exemption Certificate, or any updated Exemption Certificate, is at any time determined to be incorrect or if it changes and Customer does not notify NetworkIP as required herein, NetworkIP reserves the right to pursue all available remedies, including but not limited to retroactively imposing any FUSF charges and other taxes and surcharges applicable to the Services provided by NetworkIP, late-payment interest and/or penalties.

The individual named below is an officer of Customer and is duly authorized by Customer to make the representations, attestations, and certifications contained herein on behalf of Customer.

Customer:

By:

Printed Name:

Title:

Address:

Telephone:

Email:

Date: