Level 3 USAC Appeal

- Six Level 3 affiliates filed FCC Form 499-A April 1, 2008
  - Reported ****REDACTED**** in 2007 revenue subject to USF contribution
  - Because of billing systems change, Level 3 was not able to remove wholesale revenue (which is not subject to USF contribution) from its assessable revenue base
  - Level 3 worked diligently to extract wholesale revenue and prepare revised 499-A Form
  - Per Bureau Order, revised 499-A due on or before March 31, 2009

- USAC sent Level 3 invoice dated July 22, 2008
  - July invoice is first of third quarter
  - Third quarter invoices "true-up" 2007 USF contributions by comparing revenue in 499-A to revenues that were projected in 499-Qs and assessed USF in 2007
  - Because it reported more revenue in 499-A than total of four 499-Qs, USAC invoiced a true-up charge of approximately ****REDACTED**** in July (****REDACTED**** total for third quarter)
  - First payment due Aug. 15, 2008

- Level 3 filed revised Form 499-A August 5, 2008
  - Reported calendar year 2007 assessable revenue of ****REDACTED****; decrease of ****REDACTED****

- USAC acknowledged receipt of revised 499-A on August 6 but refused to process it
  - Cited internal processing deadline—if USAC receives revised form after the first day of the quarter (July 1), USAC does not process it until the following quarter (fourth quarter)
  - Level 3 had no prior notice of deadline; USAC posted deadline on website January 2009
  - Level 3 asked USAC to waive processing deadline and advised Bureau staff of appeal

- Level 3 appealed USAC action August 15, 2008 and paid what it rightfully owed Fund
  - Level 3 paid approximately ****REDACTED**** USF contribution (combination of 2007 true-up based on its revised 499-A and current (2008) assessment)
  - Full payment would have resulted in a multi-million dollar, interest free loan to USAC
  - Level 3 asked FCC to direct USAC to process revised form in third quarter, waive USAC processing deadline, waive interest

- USAC charged Level 3 interest for short-payment of third quarter invoices
  - Interest totaled approximately ****REDACTED****
  - Level 3 paid (in error) approximately ****REDACTED****
  - USAC applied credits due other Level 3 entities to remaining ****REDACTED**** in interest

- USAC fourth quarter invoices (issued Oct., Nov., Dec.) calculated true-up based on revised 499-A
  - Validated Level 3's calculation of what it rightfully owed (and paid) in USF contribution
  - Reversed all outstanding principle balances

- Facts that distinguish Level 3
  - Did not violate a Commission deadline
  - Had no prior notice of USAC's internal processing deadline
  - Over-reported revenue in the government's favor and made appropriate USF contribution