

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
High Cost Universal Service Support)	WC Docket No. 05-337
Universal Service Contribution Methodology)	WC Docket No. 06-122
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45

REPLY COMMENTS OF TRILOGY INTERNATIONAL ENTERPRISES, LLC

The comments filed last month regarding USAC’s questions to the Commission do not even have to be read – the Commission could take its cue simply by looking at the number of pages required for AT&T, Verizon or other parties in attempting to answer all of them. For example, the proper FUSF treatment of a VPN service apparently requires a regulatory specialist and a network engineer to evaluate the customer equipment and usage of each and every customer, and even then the answer is unclear. As a result, only one thing is certain: the current rules are too complicated, drain too many resources from carriers, and inevitably result in different companies taking different approaches which leads to unfair competitive disadvantages.

Trilogy International Enterprises, LLC therefore agrees with the comments of AT&T and others that contend that the Commission should address these questions by mooting them. Rather than add yet another layer of inscrutable commentary and instruction that would be outdated by advancing technologies and changing business models before the ink is dry, the Commission should replace the current revenues-based contribution system with a formula based upon working telephone numbers and/or connections.

In addition, the Commission should also include the TRS, NANPA and LNP funds in any reform to the universal service contribution mechanism. As described below, it would create unnecessary confusion and complexity and undermine prior Commission policy to leave these

funds assessed through the current Form 499 revenue reports while creating a new parallel reporting obligation of telephone numbers and/or connections for universal service.

Trilogy has an interest in this proceeding because it is a Form 499 filer that has spent countless hours, at great expense, in trying to determine the correct method of reporting its revenues from certain international services, where the current system is especially unclear. It has received conflicting answers to its questions from different customer support persons at USAC, and found terms in the instructions that USAC personnel conceded that they did not understand.

Establishing a new reporting scheme based upon telephone numbers and/or end-user connections – but leaving the existing “broken” system in place for other programs – would make the overall situation even worse, not better. Carriers would remain subjected to the burdensome and confusing revenue reports *and* have new reporting obligations on top of it. Instead, the Commission should keep all programs within a single, revised Form 499 that relies only on telephone numbers and/or end-user connections.

Bifurcating the reporting requirements and assessment formulas would reverse the Commission’s deliberately-chosen policy to unify them in 1999. Previously, the various fund programs had been reported on separate forms and assessed on different bases. The Commission consolidated the forms into a single Form 499, and changed the revenue basis for assessing contributions to TRS and NANPA to be consistent with the basis used for contributions to the universal service. The Commission explained:

We expect that using the same funding basis for all of these purposes would reduce confusion and minimize the amount of information we need to collect from contributors. Numerous commenters praised this proposal because it would simplify our requirements. Indeed, using the same revenue basis for all four funds

further the deregulatory, burden-reducing objectives that we seek to achieve by creating a unified contributor collection worksheet.¹

The Commission further observed that “Adopting a single worksheet not only will reduce regulatory burdens on carriers and service providers, but will also reduce the costs to administrators and the public costs of regulation by conserving Commission resources associated with auditing and cross-checking data submissions,”² and that

carriers and administrators were nearly unanimous in their support of this proposal. The record indicates that consolidating the four existing contributor forms into one worksheet will result in tangible administrative savings for carriers and service providers. We also conclude that adopting one worksheet to satisfy these obligations will reduce confusion for carriers and should increase compliance, particularly by smaller carriers. Finally, we believe that adopting a consolidated worksheet and granting administrators the ability to share revenue data will reduce the costs for administrators and, thereby, further effect savings overall.³

The public interest would be disserved if the Commission restored the inefficiencies and problems that it worked to eliminate in 1999 by reforming USF contribution without applying the same change to all Form 499-based funds.

The statutory requirement for TRS assessment permits this change.⁴ The current system of assessing TRS based on revenue was only adopted in the first place as “a reasonable proxy for subscribers” and is not required.⁵ End-user telephone numbers and connections therefore offer a

¹ *1998 Biennial Regulatory Review: Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms*, CC Docket No. 98-171, Report and Order, FCC 99-175, ¶ 65 (1999) (“*Form Consolidation Order*”).

² *Form Consolidation Order*, ¶ 3.

³ *Form Consolidation Order*, ¶ 9.

⁴ *Form Consolidation Order*, ¶ 66. (“For the purposes of TRS contributions, we conclude that, because section 225 states that the costs of telecommunications relay services should be borne by ‘all subscribers,’ the Act allows for, but does not require, contributions from all carriers. Accordingly, we conclude that the modifications made herein will effectively carry out the Congressional intent reflected in section 225.”).

⁵ *Form Consolidation Order*, ¶ 59.

lawful and much simpler basis for collecting TRS, especially if the Commission decides to assess USF on those bases as well.

In the event that the Commission believes there has been insufficient public notice to change the contribution formula and reporting for TRS and other fees to coincide with changes to USF contribution, it should issue a public notice immediately to seek further comment on the question and then implement the changes to all fees at the same time.

Therefore, Trilogy agrees with the numerous commenting parties that the best means of addressing USAC's questions is to adopt a numbers-based contribution formula, but urges the Commission to include all 499-based fees in such a change at the same time.

Respectfully submitted,



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