MARASHLIAN & DONAHUE, PLLC
THE COMMLAW GROUP

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FEDERAL UNIVERSAL SERVICE FUND (USF) REVENUE ALLOCATION

Prepared and maintained by:
Marashlian & Donahue, PLLC
The *Comm*Law Group
www.CommLawGroup.com

1430 Spring Hill Road, Suite 310
McLean, VA 22102
(703) 714-1300
mail@commlawgroup.com

The telecommunications services revenue subject to the Federal Universal Service Fund ("FUSF") contribution requirements are a telecommunications service providers' gross, billed, and collected interstate and international end-user telecommunications revenue. Revenue subject to USF assessment must be annually reported to the Federal Communications Commission's ("FCC") FUSF administrator, the Universal Service Administrative Company ("USAC") by filing the FCC Form 499s. Revenue must be allocated between (1) intrastate; (2) interstate; and (3) international on all FCC Form 499s. These revenue jurisdictions are defined and reported in the FCC Form 499 as follows:

1) **Intrastate:** Communications between points within the same state, territory, or possession of the United States, or the District of Columbia. Intrastate revenue is typically not subject to direct FUSF contribution, but may be subject to additional federal fee remittance obligations.

2) **Interstate:** Communications between a point in one state, territory, or possession of the United States, including the District of Columbia, and a point outside that state, territory, or possession of the United States, but remaining within the United States. Interstate revenue is generally subject to FUSF contribution.

3) **International:** For FCC reporting purposes, international revenue is revenue in which at least one end-point of the communication is located in a point outside the United States. The FCC has identified several different classifications of international communications, as follows:

    - U.S./ International: Communications between a point in one state, territory, or possession of the United States, including the District of Columbia, and a point outside that state, territory, or possession of the United States, where the end point is outside the United States. U.S./ International revenue is generally subject to FUSF contribution, although a predominantly international carrier may consider this revenue exempt under the LIRE.

    - International-only that traverses the United States: Communications between points outside the United States, and the call is routed within the United States. International-only revenue is not subject to FUSF contribution but may be subject to additional federal fee remittance obligations.

    - International-only: Communications between points outside the United States, and the call path does not traverse the United States. International-only revenue is not subject to FUSF contribution.

Revenue Reporting

Form 499-A filers should report **actual revenue** for purposes of jurisdictional allocation, if possible. Actual revenue is revenue reported directly from corporate books of account or other internal data reporting systems. If filers can allocate revenue to the specific jurisdictions in an accurate manner, as based on actual call detail records, the FCC permits such providers to do so.

Filers that cannot allocate revenue based on the actual jurisdiction of calls may avail themselves of a "reasonable" allocation method (examples of which are discussed on the next page). Clients that have questions about alternative revenue allocation methods should contact The *Comm*pliance Group regarding the applicability of such reporting options.