

PUBLIC NOTICE



FEDERAL COMMUNICATIONS COMMISSION
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Proposed Second Quarter 2001 Universal Service Contribution Factor

CC Docket No. 96-45

In this Public Notice, the Common Carrier Bureau announces the proposed universal service contribution factor for the second quarter of 2001.¹

Rules for Calculating the Contribution Factor

Contributions to the federal universal service support mechanisms are determined using a quarterly contribution factor calculated by the Commission. Under section 54.709 of the Commission's rules, the Commission shall calculate the quarterly contribution factor based on the ratio of total projected quarterly costs of the universal service support mechanisms to total end-user interstate and international telecommunications revenues.²

USAC Projections of Demand and Administrative Expenses

Pursuant to section 54.709(a)(3) of the Commission's rules,³ the Universal Service Administrative Company (USAC) submitted the following projections of demand and administrative expenses for the second quarter of 2001:⁴

¹ See 47 C.F.R. § 54.709(a).

² See 47 C.F.R. § 54.709(a)(2).

³ 47 C.F.R. § 54.709(a)(3).

⁴ See Federal Universal Service Support Mechanisms Fund Size Projections & Contribution Base For the Second Quarter 2001 available at <<http://www.universalservice.org/overview/filings/default.asp>> (filed by USAC Feb. 6, 2001) (*USAC Filing for Second Quarter 2001*). USAC's projected demand and expenses for the high cost universal service support mechanism include the additional demand and expenses resulting from the Commission's new interstate access universal service support mechanism. See *USAC Filing for Second Quarter 2001* at 14.

(\$ millions)

Program	Projected Program Support	Admin. Expenses	Application Of Interest Income	Application of Periodic True-Ups	Total Program Collection
Schools and Libraries	554.883	7.617	(19.924)	3.162	545.738
Rural Health Care	1.890	0.770	(0.048)	0.013	2.625
High-Cost	653.165	1.681	(1.400)	25.259	678.705
Low Income	176.425	0.429	(0.800)	(5.856)	170.198
TOTAL	1386.363	10.497	(22.172)	22.578	1397.266

USAC Projections of Industry Revenues

USAC submitted estimated end-user telecommunications revenues for January through June 2000 based on information contained in the September 2000 Telecommunications Reporting Worksheet (FCC Form 499-S).⁵ The amount is as follows:

Total Interstate and International End-User Telecommunications Revenues from January 1, 2000 – June 30, 2000: \$41.014700 billion

Contribution Base

To determine the quarterly contribution base, we first divide the six-month estimate of interstate and international end-user telecommunications revenues by two. Then, we decrease the revenue estimate by one percent to account for uncollectible contributions.⁶ Accordingly, the quarterly contribution base for the second quarter of 2001 is as follows:

Quarterly Contribution Base for Universal Service Support Mechanisms

(Six Month Interstate and International Revenues / 2) - Uncollectibles

(\$41.014700 billion / 2) - 1%

\$20.302277 billion

⁵ See USAC Filing for Second Quarter 2001 at 29-30. The revenue base on which contributions are assessed in the second quarter of 2001 is derived from the revenues reported on the September 2000 Worksheet for the period from January through June 2000.

⁶ See USAC Filing for Second Quarter 2001 at 30.

Proposed Contribution Factor

Using this quarterly contribution base, and the total program collection requirement from the table above, the proposed contribution factor for the second quarter of 2001 is as follows:

Contribution Factor for Universal Service Support Mechanisms

Total Program Collection / Quarterly Contribution Base

\$1.397266 billion / \$20.302277 billion

0.068823

If the Commission takes no action regarding the proposed contribution factor within the 14-day period following release of this Public Notice, the contribution factor shall be deemed approved by the Commission.⁷ USAC shall then use the contribution factor to calculate universal service contributions for the second quarter of 2001.

For further information, contact Gregory W. Guice or Anita Cheng, Accounting Policy Division, Common Carrier Bureau, at (202) 418-7400, TTY (202) 418-0484.

⁷ See 47 C.F.R. § 54.709(a)(3).