

# PUBLIC NOTICE



FEDERAL COMMUNICATIONS COMMISSION

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## Proposed Second Quarter 2002 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 2002.<sup>1</sup>

### 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.<sup>2</sup> On March 14, 2001, the Commission modified the contribution methodology to reduce the interval between the accrual of revenues and the assessment of universal service contributions based on those revenues.<sup>3</sup> Specifically, the Commission reduced the interval from 12 months to an average interval of six months.<sup>4</sup> The contribution factor for the second quarter of 2002 is based on this revised methodology.

### USAC Projections of Demand and Administrative Expenses

Pursuant to section 54.709(a)(3) of the Commission's rules,<sup>5</sup> the Universal Service Administrative Company (USAC) submitted the following projections of demand and

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<sup>1</sup> See 47 C.F.R. § 54.709(a).

<sup>2</sup> See 47 C.F.R. § 54.709(a)(2).

<sup>3</sup> See *Federal-State Joint Board on Universal Service, Petition for Reconsideration Filed by AT&T*, CC Docket No. 96-45, Report and Order and Order on Reconsideration, 16 FCC Rcd. 5748 (2001).

<sup>4</sup> *Id.*

<sup>5</sup> 47 C.F.R. § 54.709(a)(3).

administrative expenses for the second quarter of 2002:<sup>6</sup>

(\$ millions)

Program	Projected Program Support	Admin. Expenses	Application Of Interest Income	Application of Periodic True-Ups	Total Program Collection
Schools and Libraries	554.704	7.796	(11.589)	12.069	562.980
Rural Health Care	6.683	0.686	(0.030)	0.580	7.919
High-Cost	697.339	2.185	(0.600)	(53.653)	645.271
Low Income	160.625	0.579	(0.395)	8.275	169.084
<b>TOTAL</b>	<b>1419.351</b>	<b>11.246</b>	<b>(12.614)</b>	<b>(32.729)</b>	<b>1385.254</b>

### **USAC Projections of Industry Revenues**

USAC submitted estimated end-user telecommunications revenues for October through December 2001 based on information contained in the Fourth Quarter 2001 Telecommunications Reporting Worksheet (FCC Form 499-Q).<sup>7</sup> The amount is as follows:

Total Interstate and International End-User Telecommunications Revenues from Fourth Quarter 2001: \$ 19.219015 billion

### **Contribution Base**

To determine the quarterly contribution base, we decrease the fourth quarter 2001 estimate of interstate and international end-user telecommunications revenues by one percent to account for uncollectible contributions.<sup>8</sup> Accordingly, the quarterly contribution base for the second quarter of 2002 is as follows:

Quarterly Contribution Base for Universal Service Support Mechanisms:

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<sup>6</sup> See Federal Universal Service Support Mechanisms Fund Size Projections for the Second Quarter 2002, available at <<http://www.universalservice.org/overview/filings>> (filed Jan. 31, 2002) (*USAC Filing for Second Quarter 2002 Projections*). See also Federal Universal Service Support Mechanisms Fund Size Quarterly Contribution Base for the Second Quarter 2002, available at <<http://www.universalservice.org/overview/filings>> (filed Mar. 1, 2002) (*USAC Filing for Second Quarter 2002 Contribution Base*).

<sup>7</sup> See *USAC Filing for Second Quarter 2002 Contribution Base* at 4. The revenue base on which contributions are assessed in the second quarter of 2002 is derived from the revenues reported on the Fourth Quarter 2001 Telecommunications Reporting Worksheet. See *id.*

<sup>8</sup> See *USAC Filing for Second Quarter 2002 Projection* at 27.

Fourth Quarter 2001 Revenues - Uncollectibles

\$19.219015 billion - 1%

\$19.026825 billion

**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 2002 is as follows:

Contribution Factor for Universal Service Support Mechanisms

Total Program Collection / Quarterly Contribution Base

\$1.385254 billion / \$19.026825 billion

**0.072805**

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.<sup>9</sup> USAC shall then use the contribution factor to calculate universal service contributions for the second quarter of 2002. USAC includes these amounts in invoices sent to contributors. Contribution payments are due on the dates shown on the invoice. Contributors will pay interest for each day for which the payments are late. Contributors failing to pay contributions in a timely fashion may be subject to the enforcement provisions of the Communications Act of 1934, as amended, and any other applicable law. In addition, contributors may be billed by USAC for reasonable costs of collecting overdue contributions.<sup>10</sup>

For further information, contact Jon Secrest, Accounting Policy Division, Common Carrier Bureau, at (202) 418-7400, TTY (202) 418-0484.

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<sup>9</sup> See 47 C.F.R. § 54.709(a)(3).

<sup>10</sup> See 47 C.F.R. §54.713.