



NEWS

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See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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FCC UPDATES APPROACH FOR ASSESSING CONTRIBUTIONS TO THE FEDERAL UNIVERSAL SERVICE FUND

Interim Modifications Reflect Changes in Technology, Competitive Environment

Washington, D.C. – Preserving and advancing universal service remains one of the core principles set forth by Congress in section 254 of the Telecommunications Act of 1996. Today, the Federal Communications Commission (Commission) adopts two modifications to its approach for assessing contributions.

First, the Commission raises the existing wireless “safe harbor” percentage used to estimate interstate revenue from 28.5 percent to 37.1 percent of total end-user telecommunications revenue to better reflect growing demand for wireless services. This interim wireless safe harbor was last updated in 2002. Wireless carriers continue to retain the option to base contributions on their actual revenues or on traffic studies that estimate their actual interstate revenues.

Second, the Commission expands the base of USF contributions by extending universal service contribution obligations to providers of interconnected voice over Internet Protocol, or VoIP, service. For interconnected VoIP providers, the Commission establishes a safe harbor percentage of interstate revenue at 64.9 percent of total VoIP service revenue. Interconnected VoIP providers also may calculate their interstate revenues based on their actual revenues or by using traffic studies.

The Commission also adopts a Notice of Proposed Rulemaking seeking comment on interim contribution obligations imposed in this Order.

The Commission’s measured interim steps will stabilize the contribution base for the Fund in the near-term and minimize the impact of any changes on consumers, Fund contributors, and Fund administration, while the Commission considers more fundamental reform of the contribution methodology.

Action by the Commission, June 21, 2006, by Report and Order and Notice of Proposed Rulemaking, (FCC 06-94). Chairman Martin, Commissioners Tate and McDowell, with Commissioners Copps and Adelstein approving and concurring in part. Separate statements issued by Chairman Martin, Commissioners Copps, Adelstein, Tate, and McDowell.

Docket Nos. 06-122, 04-36, 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170.

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