

NEW FCC Regulations

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Intele-CardExpo

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FCC Prepaid Card Order (6/30/06)

- Ruling Overview.
 - All Prepaid Card Providers Subject to Existing and New Regulation.
 - Must Pay USF and Access Charges.
 - Must Report to Underlying Provider and File Certifications with FCC.
 - Broader Reform Still Under Consideration.
- Effective Date: 10/31/06.
 - Subject to Important Exceptions.

FCC Prepaid Card Order (6/30/06)

- Covered Products.
 - “Card or Similar Device”.
 - Menu Driven Services.
 - Covered prospectively.
 - Services Utilizing IP Transport.
 - Covered retroactively.
 - Are Subject to USF and Access Charges Based on Location of Called/Calling Parties.
 - Exception: Prepaid Cards Sold by, to, or Pursuant to, Contract with DoD.

FCC Prepaid Card Order (6/30/06)

- Products Bundling Telecom/Enhanced Services.
 - Enhanced Services USF “Safe Harbor”.
 - Option 1: Report Bundled Revenues.
 - Example: enhanced features and telecom = \$25.00 per month. Report revenue of \$25.00 per month as telecom revenue.
 - Option 2: Report Based on Unbundled Service Offering Price (Undiscounted for Telecom).
 - Example: voicemail for \$6.00 and telecom for \$20.00 per month. Offered bundled at \$22.00. Report telecom at \$20.00 per month.

FCC Prepaid Card Order (6/30/06)

- Access Charges.
 - The Problem: the Terminating Carrier Often Only Receives the 8YY Number Associated with the Prepaid Platform, Not the Calling Party Number (CPN). Jurisdictional Nature of Call for Access Charge Purposes is Unclear.
 - The FCC's Solution:
 - Require prepaids to:
 - Transmit CPN if use SS7.
 - Report quarterly percentage of interstate usage (PIU) to interconnecting carriers.
 - File quarterly certifications with FCC.

FCC Prepaid Card Order (6/30/06)

- Access Charges.
 - Transmitting CPN.
 - Prepays that use SS7 must transmit CPN to interconnecting providers.
 - May not replace CPN with platform number.
 - Underlying providers.
 - May not pass platform number in “charge number parameter of SS7 stream”.

FCC Prepaid Card Order (6/30/06)

- Access Charges.
 - Reporting PIU to Interconnecting Carriers.
 - Include call volumes on which factors calculated.
 - Base on not less than a one day sample.
 - Separate factors for originating/terminating traffic on state-specific basis.
 - Due by 45th day of each calendar quarter (for prior quarter).
 - First PIU Report due: Probably 2/15/07.
 - Underlying Provider Can Assume 50% Default PIU if Prepaid Fails to Supply.

FCC Prepaid Card Order (6/30/06)

- Access Charges.
 - Certifying Quarterly to FCC.
 - Report:
 - Percentage of intrastate, interstate and international calling card minutes.
 - Percentage of total prepaid card revenue attributable to interstate and international calls.
 - Statement that USF contribution is being made based on this information.
 - Signed by corporate officer under penalty of perjury.
 - Filing schedule.
 - Due by last day of the quarter following report quarter.
 - First FCC Report due “by last day of first full quarter after OMB approval.”
 - First report probably due 3/31/07 for Q4 06.

FCC Prepaid Card Order (6/30/06)

- Expected 2007 Filing Schedule.

PIU Report	FCC Certification
2/15/07	3/31/07
5/15/07	6/30/07
8/15/07	9/30/07
11/15/07	12/31/07

FCC VoIP/Wireless USF Order (6/27/06)

- Ruling Overview.
 - Increases Wireless “Safe Harbor” to 37.1%.
 - Extends USF to VoIP (with 64.9% “Safe Harbor”).
 - Applies to 8/1/06 FCC Form 499-Q.
 - Policy Rationale: Maintain Viability of USF.

FCC VoIP/Wireless USF Order (6/27/06)

- Wireless “Safe Harbor”.
 - Increased from 28.5% to 37.1%.
 - Under “Safe Harbor”, Provider Can Report 37.1% of its Telecom Revenues as Interstate.
 - Alternative: Reporting Actual Interstate, International End User Revenues.
 - If based on a “traffic study”, must submit to FCC.

FCC VoIP/Wireless USF Order (6/27/06)

- Interconnected VoIP “Safe Harbor”.
 - Set at 64.9% of Telecom Revenues.
 - Under “Safe Harbor”, Provider Can Report 64.9% of its Telecom Revenues as Interstate.
 - Alternatives:
 - Report actual interstate, international revenues.
 - Use “traffic studies” (which must be approved by FCC) to determine interstate traffic.

FCC VoIP/Wireless USF Order (6/27/06)

- Interconnected VoIP FCC Filing Requirements.
 - FCC Form 499 Registration (by 8/1/06).
 - Designate Registered Agent Located in D.C. (by 8/1/06).
 - File FCC Form 499-Q (by 8/1/06) and subsequent FCC Forms 499-Q.
 - File FCC Form 499-A on 4/1/07 and subsequently.
 - Pay USF.