

New Mexico State Rural Universal Service Fund

2020 Remittance Worksheet Instructions

Effective January 1, 2020

I. Filing Requirements and General Instructions

A. Introduction

The New Mexico Universal Service Fund (NMUSF) is a multi-million dollar fund created pursuant to the provisions of the Rural Telecommunications Act, NMSA 1978, §§ 63-9H-1, et seq. (2005). The Fund must operate in a manner that is equitable and nondiscriminatory in its collection and distribution of funds, and must provide a specific, predictable and sufficient support mechanism that reduces intrastate switched access charges to interstate switched access charge levels in a revenue-neutral manner and ensures universal service in the State (NMSA 1978, § 63-9H-6.C.).

By New Mexico state statute and regulation, local exchange carriers (LECs), including Competitive Local Exchange Carriers (CLECs), are to begin the reduction of intrastate access charges to interstate levels commencing April 1, 2006, and may increase local residential and business exchange rates to benchmark levels in order to help offset revenues lost as a result of the required access charge reductions. In addition, LECs that are eligible telecommunications carriers (ETCs) may be reimbursed for the remainder of their access charge revenue loss by receiving payments from the Fund.

On October 2, 2019, the New Mexico Public Regulation Commission (NMPRC) issued an order under Case No. 19-00210-UT establishing the assessment rate for providers of wire-line and wireless telecommunications services in New Mexico at \$0.88 per non-exempt communication connection, effective January 1, 2020. All carriers generating intrastate revenue are required to contribute to the Fund. For reporting purposes, the \$0.88 surcharge will apply to the January – December 2020 data periods. Until changes are made to NMAC 17.11.10, intrastate retail revenue data will continue to be collected.

B. Who Must File

Every telecommunications carrier, telecommunications public utility and wireless telecommunications service provider that provides intrastate telecommunications services in the state of New Mexico must contribute to the NMUSF. Although carriers are authorized to collect assessments from customers via a clearly marked pass-through surcharge on customer bills, they are not required to do so. Companies cannot assess customers a rate higher than that approved by the NMPRC for the current year.

If your company has recently started operations in New Mexico, you are required to complete and submit Attachment C, NMUSF Registration and Start of Business Information form.

C. When and Where to File

The current NMUSF contribution period includes all non-exempt communication connections for the periods of January 1, 2020 through December 31, 2020. While most carriers generally choose to file monthly Carrier Remittance Worksheets and remit

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I. Filing Requirements and General Instructions (cont'd)

C. When and Where to File (cont'd)

monthly assessments due, carriers may also elect to file and remit on a quarterly basis.

When filing on a quarterly basis, the number of non-exempt communication connections will be projected for the 1st, 2nd, 3rd and 4th quarters.

Online worksheet submission and remittances must be received by the NMUSF Administrator, GVNW Consulting, Inc., on or before the 15th day of the month (with exceptions as noted) in accordance with the due dates listed in Attachment A.

| | |
|---|--|
| Worksheet Submission: Carriers are required to file online at www.gvnwusf.com/nm | NMUSF@gvnw.com NMUSF Administration GVNW Consulting, Inc. 2930 Montvale Drive, Suite B Springfield, IL 62704 |
| Payment Submission: | See Attachment D for Payment Submission Instructions |

D. Compliance

Carriers that do not comply with state rules by filing reports and remitting payments according to the schedule established by the Administrator will be identified and reported to the NMPRC.

If revised monthly/quarterly results indicate that a carrier has overpaid into the Fund and the over-payments cannot be adjusted on the carrier's next monthly remittance due to the extent of the overpayment, the Administrator will report such instances to the Commission in order to determine whether consumers may have been over-charged the NMUSF flow-through fee.

II. Line-by-Line Instructions for Completion of the NMUSF Worksheet

Filing Identification Information

The following fields are located in the top margin of the worksheet. Fill in the information as follows:

Company Code

The company code starts with "NM" followed by six digits. GVNW will not make any changes to existing Company Codes.

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II. Line-by-Line Instructions for Completion of the NMUSF Worksheet (cont'd)

Filing Identification Information (cont'd)

For new companies, GVNW will assign a unique Company Code for each legal entity. Companies owning separate legal entities and separate lines of business (e.g. a local exchange entity and a wireless entity), a separate worksheet must be filed for each entity. Once GVNW has assigned a unique Company Code to your company, all future correspondence must reference this code.

IMPORTANT NOTE: All correspondence from your company, including remittance checks, Electronic Fund Transfers, Emails, etc. **MUST** reference your unique Company Code. This is especially important with regard to remittances as payments are applied to carrier accounts based on the Company Code.

Company Name:

Upon selecting the Company Code, the company name that identifies the filing entity and/or any “doing business as” (d/b/a) names if applicable, will be reflected.

Complete Mailing Address:

Upon selecting the Company Code, the complete mailing address of the corporate headquarters of the carrier including street address, city, state, zip, suite numbers, floor, etc. will be reflected.

Submission Date

The Submission Date is the date the worksheet is being filed online and is automatically populated.

Data Month

Select the Data Month. The Data Month indicates the month(s) and year that corresponds to the data being reported. Please see Attachment A for “NMUSF Reporting and Payment Schedule”.

Original or Revision

Carriers should indicate if this is the initial (original) submission of a data period or if the worksheet contains a data period revision. “Revision” should only be indicated when filing a correction or adjustment to a previously filed data period.

Filing Revisions:

Revisions may be used for correction of revenues or non-exempt communication connections previously reported in error. When filing a revision, follow these same instructions. Revisions must be made to data periods they were originally filed. Report actual revised revenue amounts or non-exempt communication connections, not the difference between the original and revised reports.

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II. Line-by-Line Instructions for Completion of the NMUSF Worksheet (cont'd)

Flow Through Revenue

Block A – NMUSF Flow Through Revenues

The NMUSF Flow Through Revenues are the fund assessments passed on to your customers via an explicit charge on monthly bills and subsequently collected along with customer payments for other monthly charges. Customers receiving the flow through charge on their bills are identified per the following guidelines:

Wireline customers who have not been identified as exempt from receiving the flow through charge based on NMSA 1978, Section 63-9H-6; 17.11.10 NMAC can allowably be billed for flow through charges on their monthly bills for bills on account associated with NPA/NNX (Area Code/Exchange) assigned to the state of NM.

Wireless customers who have not been identified as exempt from receiving the flow through charge can allowably be billed for flow through charges on their monthly bill as long as the customer's Primary Place of Use (PPU), defined by the customer's basic local calling area, falls within the state of NM. This approach is consistent with New Mexico Tax Code.

The figure reported in Block C should be the total amount of NMUSF Flow Through Revenues billed to customers during the data month for which the Carrier Remittance Worksheet (CRW) was generated.

*Carriers should not add Flow Through Revenue into the revenue calculation in Section 1 of the worksheet. Flow Through Revenue should be reported separately in Block

A. A carrier collecting Flow Through Revenue in its rate structure must first deduct the Flow Through Revenue from its intrastate revenues and enter the Flow Through amount in Block A. A carrier is authorized but not mandated to collect Flow Through Revenue from its customers.

Section 2 – Intrastate Retail Revenue Data – Billed During the Month Being Reported

IMPORTANT NOTE: For 2020, intrastate retail revenue data will continue to be collected.

Revenues entered here should be for the revenue data period indicated. These revenues should correspond to the official accounting records of the company, except when using estimated numbers to be reconciled to actual revenue at the end of the funding period. Carriers collecting the Flow Through Revenue in its rate structure must deduct the Flow Through Revenue from its intrastate retail revenues.

All companies will report revenues on a gross basis (before deducting uncollectibles), but may list uncollectible revenue separately on Line 15.

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II. Line-by-Line Instructions for Completion of the NMUSF Worksheet (cont'd)

Section 2 – Intrastate Retail Revenue Data – Billed During the Month Being Reported (cont'd)

Wholesale revenues are derived from selling services, unbundled local access services, and access for providing long distance services to another carrier. For wireless carriers, wholesale revenues include revenues derived by selling access to its network or use of its towers to another wireless carrier. **A wholesale carrier does not report to the NMUSF revenues generated from selling services to another carrier.** Services purchased for internal use and not resold to end user customers are considered retail revenues to the wholesale company and should be reported.

Resale revenues are derived when a carrier purchases a service from another carrier and resells that service to end user (retail) customers. Companies purchasing services from another carrier and reselling these services to end user customers must report to the NMUSF the intrastate revenues derived from reselling these services to customers. Companies purchasing services for resale to end users may only assess the NMUSF surcharge on its own intrastate retail revenues collected from end users.

Retail revenues are derived from service to an end user, not to a reseller, CLEC or other carrier. Retail revenues exclude revenues from wholesale services, unbundled local access services and access from providing long distance service.

Retail revenues include, but are not limited to, revenues from the following types of services and charges, and as defined by the FCC:

- Intrastate local service, intrastate vertical services, intrastate private line service, coin service, directory assistance, directory listings, mobile service billed to end users, special access service billed to end users.
- Long distance service, inter-city special access billed to end-users.
- Wireless providers should report all retail revenue billed to their customers, including roaming, and then apply the current Default Safe Harbor Percentage (on June 21, 2006 this figure decreased from 71.5% to 62.9% of total wireless end-user telecommunications retail revenue) or a FCC pre-approved percentage as described in Block D instructions above. This change became effective October 1, 2006.
- Pre-paid toll card revenues are assessable if the point of sale is in New Mexico. The card's sponsor is responsible for determining the intrastate revenues derived from intrastate usage. This classification may be made using actual originating and terminating minutes or be based on a study. The company should be able to support how it separates and classifies the percentage of New Mexico intrastate-only calls and associated NMUSF assessable revenues from the total calls and revenues derived from the calling cards sold in New Mexico.
- Miscellaneous charges including: late payment charges billed to customers, customer fees, non-recurring and installation.

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II. Line-by-Line Instructions for Completion of the NMUSF Worksheet (cont'd)

Section 2 – Intrastate Retail Revenue Data – Billed During the Month Being Reported (cont'd)

Retail revenues DO NOT include revenues derived from these services and charges:

- Franchise tax pass-on charges.
- Local, state, and federal taxes.
- Interstate long distance and interstate special access services.
- Private Payphone Coinbox Collections
- Federal USF payments
- Support payments from NMUSF
- NMUSF Flow Through Revenues

Additional definitions to determine reportable revenues:

- The local calling area takes precedence over the state and interstate jurisdictions. For LECs, revenues derived from calls between New Mexico and another state within the LEC's local calling area is considered local and should be included.
- Revenues from long distance and special access services are considered to be intrastate revenues when both parties to the call are within the same state, regardless of the routing or servicing of the call. Thus, a Santa Fe to Albuquerque call routed through Phoenix is an intrastate call.
- For Cellular companies, revenues derived from a retail sale involving the use of or furnishing of a mobile phone, cellular phone or other similar service shall be considered to have been consummated at the billing address of the subscriber as it appears in the retailer's records.

Revenues in this section should be reported in dollars and cents rounded to two decimal places using half rounding. For example: \$488.885 would be rounded to \$488.89 and \$488.884 would be rounded to \$488.88.

Line 4 - Local Exchange Service

Includes basic monthly charges, extended area service charges, local measured service usage and location charges for 'mileage bands'. (Do not include the federal subscriber line charge.) SLC's imposed in lieu of basic exchange increases in implanting the NMUSF are intrastate revenue.

Line 5 - Local Private Line

Includes revenues from providing local services that involve dedicated circuits, private switching arrangements and/or predefined transmission paths.

Line 6 - Wireless/Paging/PCS/Mobile Monthly Charges

Monthly charges include all retail revenue billed to their customers multiplied by the current FCC Default Safe Harbor Percentage (62.9% for cellular/wireless, and 99% or 88% for Specialized Mobile Radio (SMR) or paging services, respectively), or an FCC approved company-specific percentage for intrastate revenues.

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II. Line-by-Line Instructions for Completion of the NMUSF Worksheet (cont'd)

Section 2 – Intrastate Retail Revenue Data – Billed During the Month Being Reported (cont'd)

Safe Harbor Provision

Wireless providers should report all retail revenue billed to their customers, including roaming, and then apply the current Default Safe Harbor Percentage (set at 62.9% effective June 21, 2006 to be applied to reported revenues starting October 1, 2006). Carriers that have received approval from the FCC to use a company specific separations formula should report revenues to the NMUSF Administrator in a manner consistent with its reporting to the Universal Service Administrative Company (USAC). This alternate separations formula must be supported with documentation substantiating the FCC's approval of the formula. All carriers must report their revenues in the same manner used for reporting to USAC.

Line 7 - Prepaid Wireless Revenue

Includes revenue generated from the sale of prepaid wireless minutes, where point of sale is within New Mexico.

Line 8 - Intrastate Switched Toll

Includes revenue for calls outside local calling area but within the state of New Mexico.

Line 9 - Toll Private Line

Includes revenues from providing intrastate dedicated circuits, private-switching arrangements and/ or predefined transmission paths that extend beyond the basic service area.

Line 10 - Alternative Access & Directory

Includes calling card and credit card revenues, person-to-person call revenues, and calls with alternative billing arrangements such as third number billing and collect calls. Includes all other local service revenues, including revenues for competitive access providers and revenues from directory services such as listings, non-published numbers, classifieds and sales of directory.

Line 11 - Pay Telephone

Includes revenues derived from public and semi-public telephone services, excluding coinbox revenue.

Line 12 – Fixed and Nomadic Voice over Internet Protocol (VoIP) Revenue

Interconnected VoIP providers are required to report all retail telecommunications revenue billed to their customers. They may choose among the same three methods for determining required contributions to the state USF that the FCC has found appropriate for determining interconnected VoIP providers' contributions to the Federal USF, namely "safe harbor," actual revenue allocations between interstate and intrastate calls, and the results of a traffic study. In imposing the obligation of VoIP providers to contribute to the state USF, the NM PRC approved use of the FCC "safe harbor" default percentage of 35.1%.

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II. Line-by-Line Instructions for Completion of the NMUSF Worksheet (cont'd)

Section 2 – Intrastate Retail Revenue Data – Billed During the Month Being Reported (cont'd)

Line 13 - Miscellaneous Charges

Includes miscellaneous intrastate retail revenues that would not reasonably be included with one of the other service categories such as late payment charges billed to customers, customer fees, etc. If in doubt as to which revenue types are included under this section, keep in mind that the revenue should be retail, intrastate, and related to service rather than equipment.

Line 14 - Total Intrastate Retail Revenue

Total the dollar amounts from Line 4 through Line 13 and enter this amount on Line 14. This represents the total monthly intrastate retail revenues.

***Do not include NMUSF Flow Through Revenue - this amount should be entered in Block A of the worksheet.**

Line 15 - Uncollectibles (Bad Debt)

Includes only intrastate retail revenues that could not be collected from customers for telecommunications services, when booked as uncollectibles during the period reported on the worksheet, regardless of when these revenues were originally billed.

Line 16 - Exempt Revenue

Per Public Regulation Commission Order¹, it is the responsibility of the telecommunications customer to identify him/herself as exempt from paying the state universal service surcharge on the basis of an Indian exemption. Please note, however, that it is the obligation of the telecommunications service provider to ensure that customers eligible for exemption under the other qualifying categories are not billed for the flow-through surcharge. Completed forms that are returned to you should be kept on file for audit purposes.

If a carrier is unable to identify and quantify exempt customers and revenue, leave this field blank. It would be helpful to the Administrator if the carrier indicates its inability to identify exemptions in the cover letter/email accompanying the filing.

Line 17 – The Number of Exempt Customers

An “Exempt Customer”, as defined in 17.11.10.7 NMAC, means an end-user of telecommunications service that is the state of New Mexico, a county, a municipality or other governmental entity; a public school district; a public institution of higher education; an Indian nation, tribe or pueblo; a Native American customer who resides on tribal or pueblo land; a private telecommunications network; or a person eligible to received reduced rates under a low-income telephone assistance plan created by the federal government or the state of New Mexico.

Line 18 - Net Intrastate Revenue (Line 14 Minus Line 15 + Line 16)

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II. Line-by-Line Instructions for Completion of the NMUSF Worksheet (cont'd)

Section 3 – Remittance Calculation

Line 19 – Number of Non-Exempt Communication Connections

A “Communication Connection”, as defined in 17.11.10.7.1 NMAC, means a voice-enabled telephone access line, wireless voice connection, unique voice over internet protocol service connection, or other uniquely identifiable functional equivalent as determined by the Commission.

Line 20 - 2020 Assessment Rate (\$0.88 for January 2020 through December 2020)

Line 21 – Remittance (Line 19 multiplied by Line 20)

If carrier does not receive NMUSF support, or a LITAP disbursement, this is the amount due to the NM USF. Skip down to CHANGE IN COMPANY STATUS AND CERTIFICATION.

Section 4 – LITAP CALCULATION

Per Case No. 05-00313-UT, Final Order and Final Rule, and Attachment “A” of same, as adopted on September 30, 2010, enter the following information regarding the carrier’s LITAP in the state of New Mexico. PLEASE NOTE: BACKUP IS REQUIRED BEFORE PAYMENT IS ISSUED. PLEASE PROVIDE FCC FORM(S) 497, RECEIPTS, COST INCURRED INVOICES, VOUCHERS, AND OTHER INFORMATION THAT SUPPORT THE FOLLOWING LINE ITEMS.

Line 22 - Enter the single month/year for which qualified Lifeline customers are reported

This month must match the reported month on the Form(s) 497 or other backup. It may be different from the Revenue Data Month.

a) Enter each reported SAC#

For this reported month, enter each six-digit Study Area Code (SAC) # for which you are reporting customers. Please separate each SAC# with commas. Backup must include the Form 497 or other documentation for each SAC#.

b) Enter the sum of all Tier 3 customers

For this reported month, sum all **Tier 3** customers, as reported on each Form 497 or other documentation, and enter here.

Line 23 - Rate per Customer

Enter the rate for LITAP support claimed per customer. The maximum amount of support per customer is \$3.50.

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II. Line-by-Line Instructions for Completion of the NMUSF Worksheet (cont'd)

Section 3 – LITAP CALCULATION (cont'd)

Line 24 - Total adjusted Lifeline support or true-ups and adjustments for this reported month

Enter the total adjusted Lifeline support or true-ups and adjustments made this reported month. Any adjustments that are partial credits must be listed on this line.

Line 25 - Lifeline Discount (Line 22b X Line 23) + (Line 24)

Enter the total dollar amount of LITAP support claimed.

Line 26 - Interest Accrual amounts on Lifeline funds

Enter the dollar amount of deferred interest (if applicable).

Line 27 - The amount of administrative, advertising, voucher, and other Lifeline expenses

Enter the dollar amount of administrative, voucher, and other Lifeline expenses borne by the ETC over and above what was expended in connection with Federal Universal Service duties. Supporting documentation must be provided for all expenses. Include the Federal base expenditures being exceeded as part of the documentation.

Line 28 - Total (Line 25 + Line 26 + Line 27)

Enter the total LITAP disbursement credits claimed for the reported month.

Line 29 - The foregone revenue resulting from the discounts provided to Lifeline customers after reimbursements. After subtracting the amount entered on Line 24, enter the dollar amount for the discounts provided to Lifeline customers. This is a reporting requirement but is not included in the total LITAP disbursement credits. **(Do NOT add item to Line 27.)**

Section 5 – Net Remittance Calculation

Line 30 - (Non-LITAP) NMUSF Support Payable to Eligible Telecommunications Carriers

Lists monthly amount of (non-LITAP) NMUSF support due to the carrier as authorized by the NMPRC. Support is payable the first day of the second month following the revenue data month reported to GVNW. For example, April's support will be received by the carrier on or before June 1st as long as the carrier's remittance worksheet is received by the mid May due date. If not already submitted, carriers must complete Attachment F, NMUSF Support Payment Information Form to provide GVNW with carrier's relevant banking information for direct deposit purposes.

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II. Line-by-Line Instructions for Completion of the NMUSF Worksheet (cont'd)

Section 5 – Net Remittance Calculation (cont'd)

Line 31 - NET NMUSF REMITTANCE: (LINE 21) minus (LINE 28 + LINE 30)
A negative amount indicates a NMUSF payout is due to the carrier. If the result is positive, the submission will calculate the Net Remittance to be paid. If the result is negative, this indicates that a NMUSF payment is due to the carrier.

Officer Name and Officer Title

Enter the officer name and officer title for the contact at the company headquarters.

Filer Name, Filer Email and Filer Phone

The filer name, filer email and filer phone number will automatically be displayed and is associated with the online filing user credentials.

Payment Submission Information

Payments must be remitted directly to Bank of Albuquerque. Please see **Attachment D** “NMUSF Payment and Worksheet Submission Information” for additional details.