

What are federal USF charges, and am I exempt from them?

The federal Universal Service Fund (FUSF) is a federal program created by Congress to help ensure telecommunications services are available to all consumers nationwide. The FUSF is administered by the Federal Communications Commission (FCC) and the Universal Service Administrative Company (USAC). The FCC requires all telecommunications providers to contribute to the FUSF based upon a percentage of their interstate and international end-user telecommunications revenues. This percentage is known as the FUSF contribution factor, is adjusted quarterly by the FCC, and has been as high as 17.9%.

The current contribution factor is available on the FCC's website at:

<http://www.fcc.gov/omd/contribution-factor.html>.

You can also read more about the FUSF by visiting

http://www.fcc.gov/wcb/tapd/universal_service/ or <http://www.usac.org>.

Telecommunications providers that contribute to the program, whether directly or indirectly, are permitted to recover these FUSF contributions from their customers through FUSF recovery charges. FUSF recovery charges are discretionary charges that the FCC allows, and are not taxes or charges that are required by the government. If IPitomy must contribute to the FUSF program based upon the services provided to a customer, these FUSF charges will be automatically assessed on the customer's bill as permitted under applicable FCC regulations.

In most cases, a customer will only be exempt from IPitomy's FUSF charges if the customer is a telecommunications service provider (including resellers) that pays FUSF contributions directly to USAC. Customers that are considered end-users of IPitomy's services and reseller customers that are considered *de minimis* for FUSF contribution purposes will not be exempt from IPitomy's FUSF charges. IPitomy will consider any customer that signs up for a service account under the **Premium, Professional Hosted PBX Plans, SIP Trunking Plans**, or **Reseller Plans** usage categories as end-users subject to FUSF charges. Customers that sign up for an IPitomy account under the **Carrier / Service Provider** usage category (and are telecommunications service providers or resellers properly registered with the FCC or USAC) may be exempt from IPitomy's FUSF charges depending on the customer's FUSF contribution status.

Under FCC rules and policies, telecommunications service providers (including resellers) that pay FUSF contributions directly to USAC are typically exempt from paying FUSF charges to underlying providers such as IPitomy. Accordingly, IPitomy will not bill FUSF charges to a customer that is a telecommunications services reseller and demonstrates to IPitomy's reasonable satisfaction that the customer: **(a)** has registered with the FCC and/or USAC under the FUSF program; **(b)** has a valid Filer 499 ID as proof of such registration; and **(c)** is listed on the FCC's website as a direct contributor to the FUSF program, or can certify to IPitomy that the customer is only reselling IPitomy's services to other direct contributors to the FUSF program. Other limited exemptions from IPitomy's FUSF charges may apply in specific situations and will be evaluated on a case-by-case basis.

IPitomy customers claiming exemptions from FUSF charges will be required to submit applicable exemption certifications to IPitomy at account signup, as well as resubmit such certifications to IPitomy on an annual basis, whenever the customer's exemption status changes, or as requested by IPitomy. All claimed exemptions from IPitomy's FUSF charges are subject to verification.

IPitomy bills FUSF charges to cover its FUSF contribution obligations. IPitomy does not pay FUSF contributions on any customer's behalf since all telecommunications providers are responsible for their FUSF compliance. Thus, even if a customer pays FUSF charges to IPitomy, the customer may still have its independent FUSF contribution and/or filing obligations with the FCC or USAC. Customers are solely responsible for ensuring compliance with such obligations.