July 9, 2015

BY ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554


Dear Ms. Dortch:

On behalf of American Teleconferencing Services, Ltd. d/b/a Premiere Global Services ("ATS") (USAC Filer ID: 827254), by its attorneys, enclosed please find a redacted version of ATS’s Application for Review of Decision of the Wireline Competition Bureau and Request for Waiver of One-Year Downward Revision Deadline for FCC Forms 499-A ("Application for Review") and attached exhibits (collectively, the “Filing”).

If you have any questions about this Filing, please contact me.

Sincerely,

Steven A. Augustino
Counsel for American Teleconferencing Services, Ltd. d/b/a Premiere Global Services

Enclosure
Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of

Application For Review by
American Teleconferencing Services, Ltd.
d/b/a Premiere Global Services
of Decision of the Wireline Competition Bureau
and Request for Waiver of One-Year Downward
Revision Deadline for FCC Forms 499-A

WC Docket No. 06-122

AMERICAN TELECONFERENCING SERVICES, LTD. D/B/A PREMIERE GLOBAL SERVICES APPLICATION FOR REVIEW OF DECISION OF THE WIRELINE COMPETITION BUREAU AND REQUEST FOR WAIVER OF ONE-YEAR DOWNWARD REVISION DEADLINE FOR FCC FORMS 499-A

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July 9, 2015
TABLE OF CONTENTS

I. INTRODUCTION & SUMMARY ................................................................. 2

II. QUESTION PRESENTED FOR REVIEW AND RELIEF REQUESTED .......... 4

III. STATEMENT OF FACTS AND PROCEDURAL HISTORY ...................... 4

IV. THE BUREAU ERRED WHEN IT APPLIED AN ENTIRELY NEW STANDARD OF REVIEW FOR FCC FORM 499-A WAIVER REQUESTS .......... 8

V. THE BUREAU'S ORDER IS INEQUITABLE WHEN COMPARED TO RECENT GRANTS OF WAIVER REQUESTS ........................................ 11

VI. CONCLUSION ....................................................................................... 12
Pursuant to 47 C.F.R. § 1.115 of the rules of the Federal Communications Commission (the "Commission"), American Teleconferencing Services, Ltd., d/b/a Premiere Global Services ("ATS" or "Company") (USAC Filer ID: 827254) respectfully requests that the Commission review the Wireline Competition Bureau’s (the "Bureau") Order denying ATS’s request for review of a decision of the Universal Service Administrative Company ("USAC").

Commission review is necessary because the Bureau’s decision is in conflict with case precedent and involves erroneous findings as to important and material questions of fact.\(^1\)


\(^2\) See 47 C.F.R. § 1.115(b) (requiring an applicant to “specify, with particularity, from among the following, the factor(s) which warrant Commission consideration of the
I. INTRODUCTION & SUMMARY

At least since 2008, the Commission has utilized a common sense, multi-factor equity-and-hardship analysis to determine whether a waiver of its Form 499-A and Form 499-Q revision deadlines is warranted. Under this long-standing approach, the Commission has analyzed a number of key considerations to determine whether a waiver is warranted, including (1) the nature of the error requiring revision; (2) the steps that the filer took to remedy the error when the filer discovered it; and (3) whether there has been substantial hardship to the filer.3

Using this multi-factor analysis in previous cases involving nearly identical facts, the Commission has granted a waiver of the revision deadline for Forms 499,4 including both Forms 499-Q and Forms 499-A. For example, in the Ascent Media Order, the petitioner made a ministerial error by commingling assessable and non-assessable revenues on an assessable line of a Form 499, resulting in a substantial hardship.5 The Commission granted a waiver to correct the error after the revision deadline. In the Aventure Order, the petitioner made a ministerial error

questions presented: (i) The action taken pursuant to delegated authority is in conflict with statute, regulation, case precedent, or established Commission policy. (ii) The action involves a question of law or policy which has not previously been resolved by the Commission. (iii) The action involves application of a precedent or policy which should be overturned or revised. (iv) An erroneous finding as to an important or material question of fact. (v) Prejudicial procedural error.”).

3 See ATS Request for Review at 8-12.
5 See generally Ascent Media Order.
by commingling assessable and non-assessable revenues on an assessable line of a Form 499, resulting in a substantial hardship.\(^6\) The Commission again granted a waiver to correct the error after the revision deadline. In the *Experior Networks/Coaxial Cable Order*, the petitioners similarly made a ministerial error by commingling assessable and non-assessable revenues on an assessable line of a Form 499, resulting in a substantial hardship.\(^7\) There, too, the Commission granted a waiver to correct the error after the revision deadline.

In this case, ATS made a ministerial error by commingling assessable and non-assessable revenues on an assessable line of its Form 499, resulting in a substantial hardship to the Company. Rather than applying its traditional standard to these facts, however, the Bureau denied ATS’s request for a waiver, replacing its multi-factor hardship-and-equity standard with a single-factor “order of magnitude” test, under which the magnitude of the error must be multiples of the total amount owed in order to justify a waiver. Because this test is absent from prior Commission precedent, it is unlawful. Moreover, in denying ATS’s request, the Commission made a fundamentally flawed finding with respect to the hardship that ATS faces absent a waiver. Lastly, the Bureau’s decision is in conflict with contemporaneously released decisions in which the Bureau granted a waiver in significantly less favorable circumstances. Therefore, the *ATS Order* should be reversed and ATS should be granted a waiver to revise its 2012 Form 499-A.

\(^6\) See generally *Aventure Order*.

\(^7\) See generally *Universal Service Contribution Methodology, Request for Waiver by Experior Networks; Request for Review by Coaxial Cable Television Corporation of Decision on Universal Service Administrator*, WC Docket No. 06-122, Order, DA 15-565 (rel. May 11, 2015) (“*Experior Networks/Coaxial Cable Order*”).
II. QUESTION PRESENTED FOR REVIEW AND RELIEF REQUESTED

ATS submits the following questions for FCC review:

(1) Whether the Bureau erred when it created an entirely new single-factor “order of magnitude” standard for waivers of the one-year revision deadline for Forms 499-A in its denial of ATS’s request for review and waiver to correct a ministerial error in its amended 2012 FCC Form 499-A, in conflict with previous cases involving substantially similar facts.

(2) Whether the Bureau made an erroneous finding as to an important and material question of fact when it determined the “substantial hardship” to ATS solely on the basis of the monetary value of the revision without considering other elements of hardship.

As relief, ATS requests that the Commission, pursuant to its authority under 47 C.F.R. § 54.719(c), reverse USAC’s decision to reject ATS’s revised amended 2012 FCC Form 499-A. ATS also requests that the Commission find, pursuant to 47 C.F.R. § 1.3, that there is good cause to waive the one-year downward revision deadline for FCC Forms 499-A and allow ATS to resubmit its revised amended 2012 FCC Form 499-A.

III. STATEMENT OF FACTS AND PROCEDURAL HISTORY

ATS is a provider of audio-bridging, videoconferencing, and online collaborative solutions.8 Together with its affiliates, ATS provides service to over 50,000 customers throughout the United States and around the world. Since the FCC issued its 2008 InterCall Order, ATS has been subject to Universal Service Fund (“USF or “Fund”) contribution obligations for its provisioning of interstate audio-bridging service.9 ATS has diligently reported USF revenues to the best of its capabilities, using systems not originally designed to make the

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8 See ATS Request for Review at 2.
distinctions necessary for USF purposes. ATS has timely filed all relevant FCC regulatory filings, including all past Forms 499-A and 499-Q.

In early 2013, ATS for the first time obtained access (through its third-party billing software provider) to information and reporting capabilities allowing ATS to more precisely track and report revenues associated with international and foreign traffic.\(^{10}\) This capability demonstrated that previous ATS filings had included a significant amount of *non-assessable* revenues related to non-US-transiting, foreign-to-foreign traffic in its contribution base.\(^{11}\) To account for this over-reporting, ATS submitted an amended 2012 FCC Form 499-A on March 28, 2013, designed to segregate those non-assessable foreign revenues from its assessable interstate and international audio-bridging revenues.\(^{12}\) This amendment was filed within the one-year deadline for such revisions.\(^{13}\) USAC accepted the revision.\(^{14}\) However, due to a ministerial error and unbeknownst to ATS at the time, ATS mistakenly reported these non-assessable foreign-to-foreign revenues on line 417, rather than on line 418.3(a) of the amended 2012 FCC Form 499-A.\(^{15}\) As a result, although ATS had attempted to *remove* those foreign revenues from its contribution base, due to the ministerial error, those revenues (and some newly-identified foreign revenues) were listed as assessable revenues.\(^{16}\)

ATS did not receive any communication from USAC regarding its error and did not detect the error itself until it received its first true-up invoices on July 25, 2013, after the one-

\(^{10}\) See ATS Request for Review at 3.
\(^{11}\) See id.
\(^{12}\) See id.
\(^{13}\) See id.
\(^{14}\) See id.
\(^{15}\) See id. at 3-4.
\(^{16}\) See id. at 4.
year deadline for further downward revisions to FCC Forms 499-A had passed. To the surprise of ATS, which had expected to receive a true-up refund of approximately [BEGIN CONFIDENTIAL], the invoice indicated that ATS owed [BEGIN CONFIDENTIAL] in true-up based on its amended 2012 FCC Form 499-A (or [BEGIN CONFIDENTIAL] for each of three true-up invoices). Thus, the total impact of the adjustment, when measured against ATS’s expected refund, was approximately [BEGIN CONFIDENTIAL] in unexpected true-up.

Upon receiving the unexpected invoice, ATS immediately sought to investigate the source and scope of its reporting error. This investigation revealed that the error spanned four separate 499-A filings, including ATS’s 2012 and 2013 FCC Forms 499-A and the 2013 FCC Form 499-A filings of two affiliated filers, Budget Conferencing Inc. and Premiere Conferencing (Canada) Limited. ATS promptly implemented procedures to ensure that it correctly reports revenues from foreign-to-foreign traffic going forward. Next, ATS promptly prepared and filed amendments to its 2012 and 2013 FCC Forms 499-A. As relevant here, the revised amended 2012 FCC Form 499-A moved [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] of misreported foreign-to-foreign revenues from line 417(a) and (c)

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17 See id.
18 See id.
19 See id.
20 See id.
21 See id.
22 See id.
23 See id.
to line 418.3(a) of ATS’s 2012 FCC Form 499-A. Although USAC accepted all of ATS’s amended 2013 FCC Forms 499-A, USAC rejected ATS’s revised amended 2012 FCC Form 499-A. Consequently, USAC imposed substantial true-up bills on ATS for entirely non-assessable foreign-to-foreign revenues based on a ministerial reporting error made in conjunction with brand new reporting capabilities. Although the invoiced true-up amounts impose a great financial hardship upon ATS, ATS paid its July 22, 2013 invoice in full (including any interest due) on October 2, 2013, and paid its remaining true-up invoices in full in accordance with USAC’s “pay and dispute” policy.

On October 29, 2013, ATS filed with the Bureau a request for review and waiver of the one-year revision deadline. In its request, ATS explained that a waiver was warranted because (1) the error was clerical in nature; (2) the error has caused disproportionate hardship for ATS; (3) ATS immediately sought to correct its error; (4) ATS paid its July 22, 2013 invoice in full on October 2, 2013, and would pay its remaining true-up invoices in full in accordance with USAC’s “pay and dispute” policy; (5) a waiver was in the public interest; and (6) the USF would not be adversely impacted by granting a waiver. ATS subsequently met with Bureau-level staff to provide further information in support of its request.

24 See id. at 4-5.
25 See id. at 5.
26 See id.
27 See id.
28 See ATS Request for Review.
29 See generally id.
30 See Letter from Steven A. Augustino to Marlene H. Dortch, WC Docket No. 06-122, Notice of Ex Parte Presentation (filed Jan. 22, 2014) (noting that “the Commission has used the same legal standard when analyzing waivers in the context of Form 499-A and Form 499-Q revisions, and that the Commission has cited its Form 499-Q cases when determining whether to grant waivers in the 499-A context.”).
On June 9, 2015, the Bureau issued an Order denying ATS’s request for review and waiver. The Bureau argued that “ATS’s claim of financial hardship does not warrant a waiver of the deadline.” Specifically, the Bureau contended that “the hardship to ATS [did] not rise to the order of magnitude that the petitioners in the precedent cited by ATS would have faced but for the waiver.” In those other cases, the Bureau argued, “the petitioners faced a contribution obligation that amounted to multiple times its actual obligation for the quarter.” In addition, although ATS only gained the capability to segregate the international traffic at issue just before the one-year revision deadline, the Bureau found that a waiver was not warranted because a filer in such circumstances should “be careful to ensure that the revised filing contains no further errors.”

IV. THE BUREAU ERRED WHEN IT APPLIED AN ENTIRELY NEW STANDARD OF REVIEW FOR FCC FORM 499-A WAIVER REQUESTS

In the ATS Order, the Bureau improperly supplants its long-standing waiver standard—which analyzes both equity and hardship factors—with a new, strict single-factor standard that focuses solely on whether the “order of magnitude” of the hardship to ATS is multiples of the amount that the company would have owed but for the error. This new standard is improper because it is (1) in conflict with case precedent and (2) involves an erroneous finding as to whether the error imposes a substantial hardship on ATS. For these reasons, the Commission should reverse the Bureau’s order and grant ATS’s request for waiver.

31 See ATS Order.
32 See id. ¶ 7.
33 See id.
34 See id.
35 See id. ¶ 8.
First, in previous cases involving waivers of FCC Form 499 revision deadlines, the Bureau has looked to multiple factors—including (1) the nature of the error; (2) the steps that the petitioner took to remedy the error, and (3) substantial hardship to the filer—when determining whether a waiver was warranted. In this way, the Bureau has analyzed both equity and hardship considerations. For example, in the *Aventure Order* and the *Ascent Media Order*, the Commission found persuasive the fact that those companies had made a ministerial error by commingling assessable and non-assessable revenues on a single line of a Form 499.36 Similarly, just last month, the Commission granted requests for waivers from two filers in part because those companies had erroneously commingled assessable and non-assessable revenues on a single assessable line of their Forms 499-A, leading to a payment where the filers otherwise would qualify for a *de minimis* exemption.37 Further, the Commission’s waiver decisions in analogous cases have turned on whether the filer took prompt steps to remedy the error. Thus, in the *Aventure Order* and the *Ascent Media Order*, the Commission granted waivers based in part on the filers’ prompt and effective steps to remedy the error and appeal, and in the *IP Telecom Order* and the *Outfitter Satellite Order*, the Bureau declined to grant the requested waiver because the filer neglected to take immediate remedial steps.38

In the *ATS Order*, however, the Bureau ignores these critical equity considerations—such as the nature of the error, the existence of a new capability to more

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36 See *Aventure Order*, 23 FCC Rcd at 10098-99, ¶ 7; See *Ascent Media Order*, 28 FCC Rcd 06150, 6153-54, ¶¶ 6, 10.

37 *Experior Networks/Coaxial Cable Order* ¶ 9.

precisely allocate international revenues, and ATS’s immediate, good faith steps to remedy the error—in its waiver analysis, despite the fact that this case shares nearly identical facts with the aforementioned cases. Instead, in the *ATS Order*, the Bureau supplants its long-standing, multi-factor analysis with a single-factor test that substantially increases burden of proof for petitioners. Specifically, the Bureau’s new test apparently requires that the harm “rise to the order of magnitude” that “amount[s] to multiple times [the filer’s] actual obligation.” As a result of this Order, petitioners must now not only show that they experienced substantial hardship, but also that the hardship reaches an arbitrary threshold set by the Bureau.

Second, in addition to establishing a new standard, the Bureau errs by limiting its hardship analysis to the monetary value of the contribution, ignoring other material and important facts that can impose economic hardship on a filer. Indeed, even erroneous contributions into the fund that are a fraction of the total contribution amount could affect a company’s profitability or financial outlook, or delay or cancel a new product launch or infrastructure deployment. However, under the Bureau’s new standard, a company with one billion dollars in assessable revenue would have to demonstrate an error of “multiples” of the roughly $171 million dollar contribution amount (based on the current contribution factor) to justify granting a waiver, despite the fact that a ministerial error of a few million dollars could still impose a substantial hardship on the company, its investors, and future innovations. In this way, the Bureau’s hardship analysis is an unduly narrow interpretation of hardship, and discriminates against larger entities.

Here, the Bureau finds that ATS’s hardship does not rise to the “order of magnitude” to justify a waiver because the amount ATS owed was not a multiple of its total USF

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39 *See ATS Order* ¶ 7.
contribution. However, the Bureau neglects to consider other elements of hardship, including the “economic consequences of requiring ATS to pay . . . unexpected invoices for non-assessable foreign-to-foreign traffic.” In so ruling, the Bureau makes an erroneous finding with respect to a material and important question of fact. Therefore, the Bureau’s decision should be reversed and ATS’s request for waiver should be granted.

V. THE BUREAU’S ORDER IS INEQUITABLE WHEN COMPARED TO RECENT GRANTS OF WAIVER REQUESTS

Even if it was appropriate for the Bureau to establish its new “order of magnitude” test, it was inequitable to deny ATS’s request for waiver in light of the Commission’s recent decisions. Specifically, in the Experior Networks/Coaxial Cable Order, which the Bureau adopted just weeks before the ATS Order, the Commission granted Coaxial Cable’s petition for waiver, despite the fact that Coaxial Cable failed to comply with the Commission’s registration, reporting, and contribution obligations for years. Nevertheless, the Bureau overlooked this non-compliance by the petitioner (for which no explanation or excuse was offered) and allowed Coaxial Cable the opportunity not only to file out-of-time, but essentially provided the company with an additional year from its late filing within which to file revisions.

ATS, by contrast, historically has been in compliance with its registration, reporting, and contribution obligations. Indeed, the Bureau ignores the fact ATS made those initial corrections to its Forms 499-A in order to more precisely report foreign-to-foreign, non-U.S. transiting revenues that ATS was unable to report accurately through the good faith efforts it initially developed to comply with the Commission’s new audio conferencing rules.

Perversely, although ATS had properly and timely registered, reported, and contributed to the

40 See ATS Request for Review at 11.
Fund, the Bureau here subjects ATS to significantly harsher treatment than parties that were, for years, out of compliance with Commission rules. Moreover, the Bureau ignores the reality that ATS developed a new capability to improve its already compliant reporting practices only a short time period before the deadline. Because ATS filed promptly, when it obtained the new capability to identify these foreign-to-foreign revenues, it had only a few weeks before the one-year deadline to revise its previously filed Form 499-A.

By denying ATS’s waiver request, the Bureau will discourage other filers from improving (or correcting) their Forms 499, thereby undermining the integrity of the Fund and improperly wresting otherwise non-assessable funds from filers. The Bureau also would be sending the message that it is better to fail to file initial forms on time, because filers will be given one year from actual filing (not from the due date) to make revisions to the forms. Filers such as Coaxial Cable will, in effect, be rewarded for their non-compliance by receiving more time to review and revise their revenues than would compliant filers such as ATS, which filed on time and then had only a brief period to correct its filings based on a newly developed capability. Therefore, it would be an unjust exercise of Bureau authority and contrary to the public interest to penalize a good actor in its attempt to improve its practices, while waiving similar deadlines for actors that made little or no effort to comply with Commission rules. Consequently, the Commission should reverse the ATS Order, waive the one-year revision deadline, and provide ATS with an opportunity to revise its 2012 FCC Form 499-A.

VI. CONCLUSION

For the foregoing reasons, ATS respectfully requests that the Commission reverse the Bureau’s and USAC’s decisions to reject ATS’s revised amended 2012 FCC Form 499-A
and approve a waiver of the one-year downward revision deadline so that ATS may resubmit its revised amended 2012 FCC Form 499-A and avoid its erroneous USF contribution assessments.

Respectfully submitted,

[Signature]

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Dated: July 9, 2015