

NANP FUND BUDGET AND CONTRIBUTION FACTOR FOR OCTOBER 2022 TO SEPTEMBER 2023

To: North American Numbering Council

Budget and Contribution Factor

The budget has been prepared to determine the funding requirements and the contribution factor for the upcoming funding period. The budget covers a 12-month period running from October 2022 to September 2023. We have determined that the total projected cost before the provision for contingency allowance and offset of the current year projected surplus is \$7,462,986. The Numbering Administration Oversight Working Group (NAOWG) determined that a \$1,000,000 contingency allowance be allowed for in the budget resulting in a total cost of \$8,462,986. The projected surplus of \$1,295,761 as per the April 2022 NANP report to the NAOWG will be used to offset the total funding requirement. This offset results in a total cost to be borne by US carriers of \$7,167,225. Rationale for this level of expenditure is included under the heading Basis for Projected Disbursements.

Based on the funding requirement discussed above and the projected revenue base of \$84 billion the resulting contribution factor is 0.0000853.

Revenue Contribution Base

The revenue base used both for billing purposes and the determination of the contribution factor continues to decline downwards. There was a 9% decrease in the revenue base over last year. The preliminary revenue figure of \$84 billion used for determining the contribution factor comes from the 2022 Form 499As received to date by USAC. For those carriers who have not yet submitted their 2022 Form 499A, the revenue figure used is that reported in 2021.

Basis for Projected Disbursements

The numbering administration and pooling administration functions were combined into one contract. The contract was awarded to Somos. The contract is a 5-year contract that covers the period from December 1, 2020 to November 30, 2025. The cost for numbering and pooling administration provided in the budget is as per the contract. The International Participants (Canada and Caribbean member countries) will contribute \$179,550 towards numbering administration costs. Since the numbering and pooling administration are no longer separate contracts, Somos calculated that 43% of the total contract cost relates to numbering administration costs. Historically the NANPA costs were allocated 69% to numbering administration and 31% to CO code administration. The International Participants contribute only towards the numbering administration as the member countries perform their own CO code administration. Each member country's contribution is based on each country's proportionate percentage of the total average estimated population for the years 2022 and 2023. Their contribution is further discounted for numbering administration work done by each respective country (Canada – 25%, Caribbean countries – 66%).

The cost for the carrier audits as required under C.F.R 52.15 (k) and FCC Order FCC 00-42 is provided for as directed by the FCC.

The Billing & Collection Agent contract is for a 5-year period from May 1, 2018 to April 30, 2023. An RFP has not yet been issued. The cost provided for in the budget for the period October 2022 to April 2023 is as per the awarded contract. The cost for the period May 2023 to September 2023 is estimated using the current contract in existence.

The cost for the Data Collection Agent is based on an estimate provided by USAC. If additional work is required due to new FCC initiatives, the cost could be higher.

The cost for the annual operations audit for the Fund is based on an estimate of the prior years' billing history of Ernst & Young LLP.

Bank fees are an estimate based on prior years' history.

Bad debts are an estimate of uncollectible accounts. This amount is based on prior years' history.

An estimate of the interest income earned from the bank is based prior years' history and current interest rates and cash balances.

Carriers are charged a \$100 fee when they do not file the Form 499A by the due date of April 30th. This fee is over and above the amount they are required to pay NANP to cover the costs of numbering administration. An estimate is based on historical patterns from previous funding years.

The contingency allowance is to provide for unknown additional costs at the time of the preparation of the budget. The following list includes some examples of costs that would be covered by the contingency fund.

- Change orders
- Costs related to change of scope of work of the contractors as mandated by the FCC
- Additional costs as a result of the Billing & Collection Agent contract awarded at an amount greater than provided for in the budget
- Any other costs not provided for in the budget

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October 2022 to September 2023

	<u>2022/23</u>	<u>2021/22</u>
NANPA and Pooling Administration	6,980,336	6,980,336
Less NANPA Administration costs funded by International Participants		
Canada	150,192	150,157
Caribbean countries	29,358	29,043
Total Contributions by International Participants	<u>179,550</u>	<u>179,200</u>
Net total NANPA Administration and Pooling Costs	6,800,786	6,801,136
Carrier Audits	200,000	200,000
Billing & Collections Agent	340,800	340,800
Data Collection Agent	80,400	78,000
Annual Operations Audit	53,000	51,000
Bank charges	40,000	40,000
Bad debts	40,000	40,000
Interest income	(12,000)	(15,000)
Fees for filing Form 499A late	<u>(80,000)</u>	<u>(80,000)</u>
Total projected disbursements for October 2021 to September 2022 before contingency allowance	7,462,986	7,455,936
Contingency allowance	<u>1,000,000</u>	<u>1,000,000</u>
	8,462,986	8,455,936
Anticipated surplus at September 30, 2022 <i>(per April 2022 NAOWG report)</i>	<u>(1,295,761)</u>	<u>(3,492,218)</u>
Net US Carrier Contribution	<u>\$ 7,167,225</u>	<u>\$ 4,963,718.00</u>
Projected revenue base	<u>\$ 84,039,180,000</u>	<u>\$ 92,699,665,000</u>
Contribution Factor	<u>0.0000853</u>	<u>0.0000535</u>