

SUPPORTING STATEMENT

This collection is being submitted to extend an existing collection. The burden has been adjusted to reflect the most current information available.

A. Justification:

1. a. 47 CFR Sections 36.611 and 36.612:

In order to determine which carriers are entitled to universal service support, all (both non-rural and rural) incumbent local exchange carriers (LECs) must provide the National Exchange Carrier Association (NECA) with the loop cost and loop count data required by section 36.611 for each of its study areas and, if applicable, for each wire center as that term is defined in 47 CFR Part 54. See 47 C.F.R. §§ 36.611 and 54.5. Loops are the telephone lines running from the carriers' switching facilities to the customer. The loop cost and loop count information is to be filed annually with NECA by July 31st of each year, and may be updated quarterly pursuant to section 36.612. See 47 C.F.R. § 36.612. Pursuant to section 36.613, the information filed on July 31st of each year will be used to calculate universal service support for each study area and is filed by NECA with the Commission on October 1 of each year. See 47 C.F.R. § 36.613. An incumbent LEC is defined as a carrier that meets the definition of "incumbent local exchange carrier" in section 51.5 of the Commission's rules. See 47 C.F.R. § 51.5.

Section 36.612(a) also requires non-rural carriers to file loop counts (no loop cost data) on a quarterly basis. The Commission requires that non-rural carriers submit quarterly loop counts in order to ensure that universal service fund (USF) support for non-rural carriers is accurately calculated when competitive eligible telecommunication carriers (ETCs) are present in the incumbent LECs' operating areas. Quarterly loop cost and loop count data filings are voluntary for rural carriers. When a competitive ETC, however, is operating in an incumbent rural carrier's territory, the incumbent rural carrier is required to submit quarterly loop count data. See 47 C.F.R. § 36.612(a). Quarterly filings of loop counts are necessary because if an incumbent rural carrier does not update its loop count data more often than annually, but its competitor does, the competitor's more recent data may include loops captured from the incumbent since the incumbent's last filing. Thus, the incumbent would continue to receive support based on an overstated number of loops.

Section 54.307 allows competitive ETCs to receive USF support at the same per-line support amount that the incumbent LEC receives in the same operating territory. In order to receive such support, the competitive ETC must file loop count data with USAC on a quarterly basis. See 47 C.F.R. § 54.307.

As noted on the OMB Form 83i, this information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

Note: This submission is being made pursuant to authority contained in sections: 47 USC §§ 151, 154(i) and (j), 221(c) and 410 (c).

2. The requirements contained herein are necessary to implement the congressional mandate for universal service. The reporting requirements are necessary to verify that non-rural and rural LECs are eligible to receive universal service support. Information filed with NECA pursuant to section 36.611 is used to calculate universal service support payments to eligible carriers. Without this information, NECA and USAC would not be able to calculate such payments to eligible carriers.

3. There is currently no improved technology to reduce the burden of collection. Nothing in Part 36 or Part 54 precludes the use of improved information technology.

4. There will be no duplication of information filed. There is no similar information already available.

5. The burden has been minimized for all respondents as much as possible. Section 254 (b) of the Communications Act directs the Commission to base policies for the preservation and advancement of universal service on six principles. A fair and reasonable application of those principles including our adoption of the additional principle of competitive neutrality will favorably impact all business entities, including smaller entities. The collections of information may affect small entities as well as large entities.

6. Failing to collect the information, or collecting it less frequently, would prevent the Commission from carrying out its mandate. Sections 36.611, 36.612, and 54.307 require the submission of data by the local telephone companies to NECA and USAC. If the data submissions were collected less frequently, the fund administrator would not be able to calculate universal service payments.

7. There are no such special circumstances.

8. A notice was published in the Federal Register pursuant to 5 CFR § 1320.8 (d). See 71 FR 10528, dated March 1, 2006. (Copy attached). No comments were received.

9. The Commission does not anticipate providing any payment or gift to respondents.

10. Not applicable. No assurance of confidentiality has been given regarding the information.

11. There are no questions of a sensitive nature with respect to the information being collected.

12. The following represents the estimates of our burden of the collection of information:

a. Sections 36.611 and 36.612:

(1) Number of respondents: 1,804 (This is the number of unique respondents, i.e, carriers that file both annual reports and quarterly submissions are not counted twice.)

(2) Frequency of Response: Annually, Quarterly.

(3) Annual hour burden: 22 hours per response for annual and quarterly loop costs filings. 5 hours per response for quarterly line count data filings.

(4) How the burden was estimated: It will take approximately 22 hours per respondent to provide the loop cost and loop count information required by Section 36.611. We estimate that it will take approximately 5 hours per respondent to provide the loop count information only. Our estimates assume that 1,434 rural and non-rural incumbent carriers will submit the annual loop costs and loop count data. We estimate that approximately 100 rural carriers will provide voluntary quarterly loop cost data pursuant to section 36.612. We estimate that 85 non-rural carriers will submit the quarterly loop count data. We estimate that 370 competitive ETCs will submit quarterly loop count data. Finally, we estimate that 773 incumbent LECs will submit quarterly loop count data as a result of having a competitive carrier operating in its area. We calculated the quarterly burden for the incumbent carriers for only three quarters because the fourth quarter is the annual filing. Total annual burden is 58,418 hours. The hour burden is not expected to vary widely because of differences in activity, size, or complexity.

Number of responses:

All incumbent carriers' annual filing: 1,434

Rural carriers' voluntary quarterly filings: 100×3 filings = 300

Non-rural carriers' quarterly loop count filings: 85×3 filings = 255

Competitive carriers' quarterly loop count filings: 370×4 filings = 1,480

Rural carriers' quarterly loop count filings: 773×3 = 2,319.

Total burden hours: $1,434 + 300 + 255 + 1,480 + 2,319 = 5,788$ total annual responses.

Burden hours:

All incumbent carriers annual filing: $1,434 \times 22$ hours = 31,548 hours

Rural carriers voluntary quarterly filings: 100×22 hours $\times 3$ filings = 6,600 hours

Non-rural carriers quarterly loop count filings: 85×5 hours $\times 3$ filings = 1,275 hours

Competitive carriers quarterly loop count filings: 370×5 hours $\times 4$ filings = 7,400 hours

Rural carriers quarterly loop count filings: 773×5 hours $\times 3$ = 11,595 hours.

Total burden hours: $31,548 + 6,600 + 1,275 + 7,400 + 11,595 = 58,418$ total annual burden hours.

(5) Estimates of annualized cost to respondents for the hour burdens for collections of information:

All incumbent carriers annual filing: $1,434 \times \$45/\text{hour} \times 22\text{hours} = \$1,419,660$

Rural carriers voluntary quarterly filings: $100 \times \$45/\text{hour} \times 22\text{hours} \times 3 = \$297,000$

Non-rural carriers quarterly loop count filings: $85 \times \$45/\text{hour} \times 5\text{hours} \times 3 = \$57,375$

Competitive carriers quarterly loop count filings: $370 \times \$45/\text{hour} \times 5\text{hours} \times 4 = \$333,000$

Rural carriers quarterly loop count filings: $773 \times \$45/\text{hour} \times 5\text{hours} \times 3 = \$521,775$.

Total annualized cost to respondents (total of above): \$2,628,810.

13. Cost to the respondent: None.

14. There will be few costs to the Commission because an outside party administers the program. Staff will evaluate data submitted by the fund administrator once received. The Commission will utilize its current staff to examine the plans. It is expected that a staff member, at the GS-14 level, will be required to examine the data, taking approximately of 40 hours to complete the review. Including 30% for overhead costs, we estimate governmental cost to review the data to be approximately \$2,500.

15. The total annual burden for the collections of information will now be 58,418 hours. This reflects an adjustment in the number of respondents and burden hours to reflect the most current information available.

16. The collected information is available in the public record.

17. The Commission does not intend to seek approval not to display the expiration date for OMB approval of the information collection.

18. The exception to the certification statement in item 19 on the OMB 83i is that when the Commission published the 60 day notice in the Federal Register, we used incorrect estimates for the number of respondents/responses. With this submission we are reporting more accurate estimates.

B. Collections of Information Employing Statistical Methods:

The Commission does not anticipate that the collection of information will employ statistical methods.