

New collection entitled: Prepaid Calling Card Service Provider Certification, WC Docket No. 05-68

SUPPORTING STATEMENT

A. Justification:

1. The Commission is requesting review and approval of a new information collection requiring prepaid calling card providers to report quarterly the percentage of interstate, intrastate and international traffic and call volumes to carriers from which they purchase transport services. Prepaid calling card providers must also file certifications with the Commission quarterly that include the above information and a statement that they are contributing to the federal Universal Service Fund (USF) based on all interstate and international revenue, except for revenue from the sale of prepaid calling cards by, to, or pursuant to contract with the Department of Defense (DoD) or a DoD entity.

The Commission has found that prepaid calling card providers are telecommunications service providers and therefore are subject to all of the regulations imposed on telecommunications service providers, including contributing to the USF. See FCC 06-79 (copy attached). In the Communications Act of 1934, as amended (the Act), Congress directed the Commission to implement measures necessary to promote the advancement of universal service. In furtherance of this goal, section 254(d) of the Act states that “[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service.” In addition, telecommunications carriers are required to pay intrastate and interstate access charges. The new reporting and certification requirements will allow the Commission to ensure that prepaid calling card providers are complying with these requirements.

Statutory authority for this information collection is contained in Sections: 1, 2, 4(i), 201, 202 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 152, 154(i), 201, 202, and 254.

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.

2. The Commission adopted new reporting and certification requirements to obtain information necessary to evaluate whether all prepaid calling card providers are properly contributing to the USF, pursuant to section 254 of the Act. All prepaid calling card providers will now have to maintain records and report quarterly the percentage of interstate, intrastate and international traffic and call volumes to carriers from which they purchase transport services. Prepaid calling card providers will also have to file quarterly certifications with the Commission that include the above information and a statement that they are contributing to the federal Universal Service Fund based on all interstate revenue, except for revenue from the sale of prepaid calling cards by, to, or pursuant to contract with the DoD or a DoD entity. The Commission believes that its reporting and certification requirements will not be burdensome for prepaid calling card providers, as they need to track such information for their own internal business purposes.

3. Prepaid calling card providers are expected to send written, quarterly reports to carriers from whom they purchase transport. These reports may be transmitted in any manner the prepaid calling card provider finds most convenient.

The Commission is committed to making the information collection and certification requirement as easy as possible for prepaid calling card providers by offering various options for filing the required certifications. Certification reports may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.

4. The Commission is not aware of any similar information already available that can be used or modified for the purposes described in Item 2 above.

5. Because the Commission has required that all prepaid calling card providers comply with the reporting and certification requirements identified above, the collections may affect small entities, as well as large entities. The Commission has taken steps to ensure that these mechanisms are competitively neutral and therefore not unduly burdensome for any set of carriers.

6. Funding for the universal service support mechanisms (derived from statutory mandates) depends on all telecommunications service providers contributing. The frequency of the certification filing will ensure that prepaid calling card providers are following the Commission's rules that apply to telecommunications service providers. Prepaid calling card providers are required to submit the certification quarterly. Collecting certifications this frequently will help the Commission ensure that prepaid calling card providers are following its regulations.

7. No other special circumstances will apply to this information collection.

8. Pursuant to 5 CFR § 1320.8(d), the Commission published a 60 day notice in the Federal Register to solicit public comment on these reporting requirements on August 2, 2006. See 71 FR 43764 (copy attached). No comments were received.

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

10. The Commission does not anticipate providing confidentiality of the information submitted by prepaid calling card providers. Particularly, the prepaid calling card providers must send reports to their transport providers. And, the quarterly certifications sent to the Commission will be made public through the ECFS process. These certifications will be filed in the Commission's docket associated with this proceeding.

11. The information collection does not address any matters of a sensitive nature.

12. The following represents the hour burden on the collections of information discussed herein.

(1) Number of respondents: Approximately 787 prepaid calling card providers that may be subject to the filing requirements.

(2) Frequency of response: Quarterly. Most of the potential respondents – we estimate approximately 787 – would be required to provide quarterly reports to providers from whom they purchase transport and file quarterly certifications with the Commission.

(3) Annual hour burden per respondent: 25 hours total per respondent, 20 hours for the reporting to carriers and five hours for the certification to the Commission, (787 respondents) on a quarterly basis. Total annual burden hours: **78,700 hours** (25 hours x 4 quarters x 787 respondents). This average includes estimates for the time needed to identify, compile, and, in some cases, estimate, information at the requested level of detail. We also note that the estimate provided is an average, with some respondents requiring more time to complete the worksheets and others requiring less time.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$4,328,500.

(5) Explanation of the calculation: \$4,328,500 at \$55/hour. As explained above, we estimate that 787 prepaid calling card providers will file the report and quarterly certification, taking an average of 25 hours to complete the quarterly requirements. We assume that respondents will use some combination of in-house staff services (rate of \$55/hour) when preparing the worksheets. Thus 78,700 hours per year x \$55 = \$4,328,500.

13. The following represents the Commission's estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.

(1) Total capital start-up costs component annualized over its expected useful life: \$0. The collections will not result in additional capital expenditures such as computers or software.

(2) Total operation and maintenance and purchase of services component: \$0. All respondents will file the reports and certifications at least quarterly, so operation and maintenance costs will be limited to internet access or postage, ink, etc., which are costs incurred in the normal course of doing business.

14. There will be few, if any additional costs to the Commission because notice and enforcement requirements are already part of the Commission's duties. Moreover, there will be minimal cost to the federal government since outside parties administer the mechanisms.

15. This is a new information collection. The total burden for this new collection is a +78,700 hour program change.

16. The Commission does not anticipate publishing any of the information collected. Rather, the provider certifications will be available for public review via the Commission's ECFS.

17. The Commission is not seeking approval to not display an OMB expiration date.

18. Not applicable. There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods:

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