

SUPPORTING STATEMENT

A. Justification:

1. The Commission (FCC) has implemented provisions contained in Section 6003(a) of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66 and 103-121), approved August 10, 1993, which added Section 9 to the Communications Act.

Section 9 of the Telecommunications Act of 1934 as amended authorizes the FCC to assess and to collect annual regulatory fees to recover costs incurred in carrying out its enforcement, policy, rulemaking activities, and Commission user information services.

Respondents, *e.g.*, common carriers, file FCC Form 159-W annually, which may be found at: www.fcc.gov/Forms/Form-159-W/159w.pdf, is used:

- (a) If they have not received a copy of this form from the FCC, they should include FCC Form 159-W along with their payment for any Interstate Telecommunication Service Provider (ITSP) regulatory fee(s);
- (b) If the carrier does not agree with the FCC's regulatory fee assessment—they should include FCC Form 159-W with their payment to the FCC; and
- (c) If respondents agree with the FCC's regulatory fee assessment, they include FCC Form 159-W with their payment.

The statutory authority for this information collection is required under the Debt Collection Improvement Act of 1996 (DCIA), Public Law 104-134, Chapter 10, Section 31001.

2. Regulatory fees are assessed annually by the FCC and based on the information provided by the carriers on their FCC Form 499A.
 - (a) The amount due is determined utilizing data from the FCC Form 499A, which is included on the FCC Form 159-W, Interstate Telephone Service Provider Worksheet. A copy of the FCC Form 159-W, as the invoice, is submitted along with the carrier's regulatory fee payment.
 - (b) FCC Form 499 A, Telecommunications Reporting Worksheet, (3060-0855) is used to report each carrier's interstate and international revenues.
 - (1) Every telecommunications company, *e.g.*, telecommunications provider, is required to file an FCC Form 499A, Telecommunications Reporting Worksheet (3060-0855), on April 1 each year.
 - (a) The forms are filed with the Commission's Data Collection Agent—Universal Service (USAC) Telecommunications companies can file revisions through March 31 of the following year.
 - (b) FCC Form 499A collects revenue data and is used to determine contributions to various support mechanisms, *i.e.*, USAC, North American Numbering Plan, *etc.*, and regulatory fees.

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(2) When companies fail to file a FCC Form 499A, USAC will estimate revenues. The FCC's rules state that USAC may bill based on estimated filings and telecommunications providers must pay billed amounts. They can dispute Universal Service Fund and regulatory fee bills only after filing.

(d) FCC is the preparer of the Form 159-W using data from the FCC Form 499A:

(1) The FCC prepares and mails to the service providers, the FCC Form 159-W (as a bill of their annual regulatory fees).

(2) If the service provider does not receive a FCC Form 159-W from the FCC, they are required to download the form from the FCC website www.fcc.gov/Forms/Form159-W/159w.pdf, prepare/complete this form, and submit it with their payment to the FCC during regulatory fee collection period.

(3) When the provider does not agree with the FCC Form 159-W sent to them, they can download and prepare the form and submit it with their payment. When the provider disagrees with the FCC, they must also file a FCC Form 499A that agrees with the data on the form FCC Form 159-W they submitted.

(4) The procedure for preparing the FCC Form 159-W is:

(a) The FCC obtains an electronic version of the current year's FCC Form 499A data submitted by the (telecommunications) service providers to USAC.

(b) The exempt and *de minimis* companies¹ are identified and eliminated from the list used for determining regulatory fee obligations.

(c) The remaining data are manually reviewed for possible mistakes or misclassification of revenues.

(d) Data that are considered estimated by USAC are segregated from the remaining data, but bills are still sent to these providers.

(1) This is done so that necessary adjustments can be made when payments are received that do not agree with the original bill amount.

(2) The Commission's data base is updated to capture the correct information.

(e) When the data base is updated an electronic file is sent to the FCC financial operation (FO) group for review and update.

(f) The updated electronic file is returned to the person responsible for preparing the actual paper copy Form 159-W. The Form 159-W (bill) is prepared and mailed to the provider.

¹ Exempt companies are those telecommunications entities that are exempt for the regulatory fee assessment; *de minimis* companies are those telecommunications entities that have an assessment that is below the FCC's ten dollar (\$10.00) regulatory fee assessment threshold.

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- (g) The information included on the bill includes: carrier's name, address, FCC registration number, 499A identification number, regulatory payment type code, the total revenue subject to the regulatory fees, and the amount due.
- (h) This process eliminates the service provider's burden of preparing the FCC Form 159-W; and it creates a system that determines the Interstate Telecommunications Service Provider (ITSP) regulatory fee obligation.
- (i) If the company disagrees with our calculation, instructions are provided for disputing the calculation.

This information collection does not affect individuals or households, and thus, there are no impacts under the Privacy Act.

Statutory authority for this collection of information is contained in 47 U.S.C. § 159.

3. The data are retained "in house" and are not provided to other agencies.
4. In conformance with the Paperwork Reduction Act of 1995, the Commission is making an effort to minimize the burden on all respondents, regardless of size.
 - (a) The collection of the data used in this form is already required for a different reason, and there is no duplication by the respondents will have minimal impact on all respondents.
 - (b) There will be approximately 3,400 respondents per year.
 - (c) Licensees/permittees/applicants (respondents) will submit primarily information that consists of records ordinarily maintained by for business purposes.
5. In conformance with the Paperwork Reduction Act of 1995, the Commission is making an effort to minimize the burden on all respondents, regardless of size.
 - (a) The collection will have minimal impact on all respondents.
 - (b) There will be approximately 3,400 respondents per year who file FCC Form 159W.
 - (c) A pre-completed Form 159-W is generally mailed to the respondent each year as a bill several weeks prior to when regulatory fees are due:
 - (1) If the respondent agrees with the regulatory fee amount owing, the respondent can pay the regulatory fee by mailing the pre-completed Form 159-W along with a check or credit card number; the respondent can also access the Commission's on-line electronic payment system ("Fee Filer") to pay the regulatory fee via wire transfer, ACH (electronic check/debit from bank account), or credit card.
 - (2) If the respondent has not received the pre-completed Form 159-W or does not agree with the regulatory fee amount, the respondent can visit the FCC's website to download, print, and complete a blank Form 159-W, complete Form 159 Remittance Advice, and mail in both Form 159-W and Form 159 along with a check or credit card number as payment. This form is available in the Adobe Acrobat format on the FCC's website at: <http://www.fcc.gov/Forms/Form159-W/159w.pdf>.

- (d) Licensees/permittees/applicants (respondents) will submit primarily information that consists of records ordinarily maintained by for business purposes.
6. If the information collection requirements associated with FCC Form 499A are not conducted, the FCC will not have a reliable method for verifying;
 - (a) that the annual regulatory fees have been correctly calculated, and
 - (b) that the required regulatory fee has been paid.
 7. The collection does not contain special circumstances. This collection of information is consistent with the guidelines of 5 CFR § 1320.6.
 8. The Commission published a Notice in the *Federal Register* on July 19, 2006 (71 FR 41021). We have received no comments following publication of this notice.
 9. Respondents will not receive any payments.
 10. Parties, including individual entrepreneurs, filing information may request that it be withheld from disclosure. If confidentiality is requested, however, such requests will be processed in accordance with the Commission's rules 47 CFR § 0.459. There are no privacy issues affecting individuals or households.
 11. This information collection does not address any private matters of a sensitive nature, *i.e.*, there are no issues affecting individuals or households, nor does FCC Form 159-W request any personally identifiable information (PII).
 12. The Commission estimates that approximately 3,400 interstate telecommunications providers (respondents) receive the FCC Form 159-W.
 - (a) The Commission estimates that these telecommunications providers, *e.g.*, businesses and other for-profit entities and individuals in the entrepreneurial capacity, each file one FCC Form 159-W annually.
 - (b) The Commission estimates that businesses comprise approximately 98% (0.98) of these respondents and individual entrepreneurs approximately 2% (0.02) of these respondents:

Total Number of Respondents: 3,400 respondents

Total Number of Responses Annually: 3,400 respondents x 1 response/annum = 3,400 responses

For the respondents to prepare FCC Form 159-W, the Commission estimates that they spend approximately 0.5 hours (30 minutes) to assemble, duplicate, and mail the information to the FCC based on the Commission's experience with comparable submissions:

Total Annual Hourly Costs: 3,400 respondents x 0.5 hours/FCC Form 159-W = 1,700 hours

The Commission estimates that respondents prepare FCC Form 159-W using "in house" staff:

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- (a) One accountant earning the equivalent of a GS-12/step5 (\$36.38 per hour), who requires approximately 56 hours:

$$1 \text{ accountant} \times 0.5 \text{ hours} \times \$36.38/\text{hour} \times 3,400 \text{ respondents} = \$61,846.49.$$

- (b) One administrative clerical employee earning the equivalent of a GS-9/Step 5 (\$20.51 per hour), who requires approximately 10 minutes (0.167 hours) to package the form and mail it:

$$1 \text{ clerk} \times 0.167 \text{ hours} \times \$20.51/\text{hour} \times 3,400 \text{ respondents} = \$11,621.84.$$

Total “In House” Cost: $\$61,846.49 + \$11,621.84 = \$73,468.33$

13. The Commission believes that respondents will perform all the requirements associated with the retrieval, preparation, and submission of FCC Form 159-W using “in house” staff; thus, the total annual cost to respondents is:

- (a) Total annualized capital/startup costs: **\$0.00**
 (b) Total annual costs (O&M): **\$0.00**
 (c) Total annualized cost requested: **\$0.00**

14. There are no costs to the Federal Government:

- (a) Congress requires the FCC to collect regulatory fees, which provide the major funding source for the FCC’s operating budget; and
 (b) The FCC considers the costs to administer the regulator fee program, *e.g.*, processing FCC Form 159-W, as part of its regular operations.

15. The Commission has made several adjustments:

- (a) The number of respondents had been adjusted to 3,400 hours, a decrease of 600 respondents, due to the Commission’s empirical evidence that fewer applicants, *e.g.*, carriers, (respondents) are filing FCC Form 159-W;
 (b) The total annual hourly burden has been adjusted to 1,700 hours, an increase of 700 hours, due to our re-evaluation of the time respondents require to complete FCC Form 159-W; and
 (c) The respondent pool includes only businesses and individual entrepreneurs—there are no “individuals,” institutions or other not-for-profits, nor state, local, or tribal governments in the entities that are required to file FCC Form 159-W.

16. This data will not be published for statistical use.

17. The Commission is seeking continued approval not to display the OMB expiration date for this information collection.

- (a) We will use an edition date in lieu of an OMB expiration date.

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(b) Not printing the OMB expiration date on the form will obviate the need for the Commission to destroy printed stock of forms when the OMB expiration date changes.

18. There are no exceptions to the certification statement identified in Item 19 of the Form OMB 83-I.

B. Collections of Information Employing Statistical Methods.

This information collection does not employ any statistical methods.