

## SUPPORTING STATEMENT

This collection is being submitted to revise an existing collection (FCC Forms FCC 472, 473, 474).

### **A. Justification:**

1. The Communications Act of 1934, as amended by the Telecommunications Act of 1996 (Act) directed the Commission to take steps necessary to establish support mechanisms to ensure the delivery of affordable telecommunications service for all Americans, including consumers in high cost areas, low-income consumers, rural health care providers, and eligible schools and libraries. Section 254(h) of the Act, as implemented by the Commission in its *Universal Service Order* (CC Docket No. 96-45, FCC 97-157), established the federal universal service support mechanism for schools and libraries. Under the schools and libraries support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries (“Billed Entities”), may apply for discounts for eligible telecommunications services, Internet access, and internal connections. FCC Forms 472, 473 and 474 are required to process discounted payments for the services procured through the program.

FCC Form 472 (Billed Entity Applicant Reimbursement Form). Billed Entities may pay the full amount for eligible services directly to the service providers and then, once services have been received, seek reimbursement to cover the amounts of the discounts for which they have qualified. The FCC Form 472 is used by the Billed Entity to request such reimbursement. Upon approval of the submitted FCC Form 472, the Universal Service Administrative Company (USAC, or Administrator) disburses payments to the service provider to cover services that have been properly invoiced and the service provider, in turn, refunds the discount portion to the Billed Entity. The information on FCC Form 472 is needed to enable this reimbursement process. This information includes the amount paid for approved services delivered on or after the actual services start date, as reported in a different form (FCC Form 486, OMB Control No. 3060-0853). In preparing and submitting its FCC Form 472, the applicant must obtain the written acknowledgement of the service provider to confirm that the service provider understands its obligation to provide the approved discount to the applicant and to follow program rules.

FCC Form 473 (Service Provider Annual Certification Form). An alternative to paying in full for eligible services is for the Billed Entity to pay only the amounts for eligible services that have been discounted already by the service provider. Under this alternative, once services have been received, service providers seek payment from the Administrator to cover the amounts of the discounts for which the Billed Entity qualified. Regardless of which payment method is used, the FCC Form 473 is used by the service provider to attest that the invoices to be submitted to the program will comply with the FCC’s rules governing the program. Service providers must submit FCC Form 473 to be

eligible to submit invoices, and to use their Service Provider Identification Number (SPIN).

FCC Form 474 (Service Provider Invoice Form). Service providers use the FCC Form 474 to request direct payment for invoices submitted for services that are in compliance with the rules of the program. The information on the FCC Form 474 must be received by USAC before a service provider participating in the program can receive payment for the discounted portion of its bill for eligible services to eligible entities. Subsequent to receipt and review of the FCC Form 474, USAC will authorize payment based on the invoice.

**The forms contain the following changes: the Form 473 contains new certifications that the service provider has complied with the competitive bidding requirements of the program, pursuant to the *Fifth Report and Order* (CC Docket No. 02-6, FCC 04-190). In addition, to reduce confusion, the Form 473 will contain information about one SPIN, rather than multiple SPINs. The burden hours here have been updated to reflect more accurate information recently obtained regarding participation in the program.**

**The dates on all three forms and their instructions have been updated. All three forms also contain updated notices for individuals as required by the Privacy Act and the Paperwork Reduction Act.**

As noted in the OMB Form 83i, this information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act. This submission also meets the OMB Terms of Clearance issued in the Notice of Action dated March 23, 2003 by coordinating with the Department of Education on these forms.

The statutory authority for this collection of information is contained in sections; 1, 4(i), 4(j), 201-205, 214, 254, 312(d), 312(f), 403 and 503(b) of the Communications Act of 1934, as amended. 5 U.S.C. §§ 553(b)(3), 601-612; 15 U.S.C. §§ 1, 632; 44 U.S.C. § 3506(c)(4); 47 U.S.C. §§ 1, 4(i), 4(j), 201-205, 214, 254, 312(f), 403, 503(b).

2. The purpose of FCC Form 472 is to establish the process and procedure for an eligible entity to seek reimbursement from the service provider for the discounts on services paid in full. After receiving an invoice from the service provider, together with an FCC Form 472, the fund administrator is able to verify the eligible service and approved amounts that should be reimbursed and can make the appropriate payment. The FCC Form 472 is used to ensure that each service provider has provided discounted services within the current funding year for which it submits an invoice to the Administrator and that invoices submitted from service providers for the costs of discounted eligible services do not exceed the amount that has been approved.

The purpose of FCC Form 473 is to establish that the participating service provider is eligible to participate in the program under the FCC's rules governing the schools and libraries universal service support mechanism pursuant to the Act. The FCC

Form 473 is used by the Administrator to assure that the dollars paid out by the fund to service providers go to eligible providers.

The purpose of FCC Form 474 is to establish the process and procedure for a service provider to seek payment for the discounted costs of services it provided to Billed Entities for eligible services. After receiving an invoice from the service provider, together with an FCC Form 474, the fund administrator is able to verify that the eligible and approved amounts can be paid. The FCC Form 474 is used to ensure that each service provider has provided discounted services within the current funding year for which it submits an invoice to the Administrator and that invoices submitted from service providers for the costs of discounted eligible services do not exceed the amount that has been approved.

All of the requirements contained herein are necessary to implement the congressional mandate for universal service.

3. Copies of the forms will be available via the Administrator's web site or through a request to the Administrator's Client Service Bureau. In an effort to reduce any burden created by these information collection requirements, the Administrator permits electronic filing of FCC Forms 472 and 474, including the electronic filing of invoices by service providers with the Form 474. Within thirty-six months the Administrator will provide for the electronic filing of FCC Form 473.

4. There is no duplication of information. The information sought is unique to each respondent and similar information is not already available.

5. Entities subject to the requirements in the forms are schools and libraries and service providers participating in the universal service program. The forms have been designed to impose the least possible burden on the respondents.

6. Failure to collect the FCC Forms 472, 473 and 474 would impede or prevent schools, libraries, and service providers from being reimbursed from the schools and libraries universal service support mechanism. The failure to collect this information would prevent the Commission from implementing section 254 of the Act and from being able to ensure that the goals of affordable telecommunication service and access to advanced telecommunication services are met by means that enhance, rather than distort, competition.

7. Not applicable. The collections are not designed in any known manner to be inconsistent with OMB's guidelines.

8. A notice was published in the Federal Register pursuant to 5 C.F.R. § 1320.8 (d). See 71 FR 54072, dated September 13, 2006. No comments were received. A copy of the 60 day notice is included in this submission to the OMB.

9. Not applicable. There will be no payments of gifts to respondents.

10. The Commission does not request that respondents submit confidential information to the Commission. If the Commission does request applicants to submit information that the respondents believe is confidential, respondents may request confidential treatment of such information under the Commission's rules, 47 C.F.R. § 0.459.

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

12. The following represents the hour burden on collection of information:

**FCC Form 472 – Billed Entity Applicant Reimbursement Form:**

(1) Number of Respondents: Approximately 13,000 billed entities, which include public school districts, private schools, public library systems, and consortia.

(2) Frequency of Response: On occasion and third party disclosure. Once, for each set of services which have been approved for discounts to be provided by various service providers. We have found that in the past year, the average was about 3.5 times per respondent, so we use this as the basis for our calculations.

(3) Annual Burden per Respondent: 1.5 hours per submission x 3.5 filings x 13,000 respondents. **Total Annual Burden: 68,250 hours.**

(4) Total estimate of annualized cost to respondents for the hour burden for collection of information: \$2,730,000.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1.5 hours and will occur 3.5 times a year for 13,460 billed entities. 13,000 (number of respondents) x 3.5 (number of submissions required) x 1.5 (estimated hour burden) x \$40 per hour (including administrative staff time and overhead) = \$2,730,000.

**FCC Form 473 – Service Provider Annual Certification Form:**

(1) Number of Respondents: Approximately 6,000 service providers.

(2) Frequency of Response: Annual and third party disclosure.

(3) Annual Burden per Respondent: 1 hour. **Total Annual Burden: 6,000 hours.**

(4) Total estimate of annualized cost to respondents for the hour burden for collection of information: \$240,000.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1 hours and will occur once a year for 6,000 service providers. 6,000 (number of respondents) x 1 (number of submissions required) x 1 (estimated hour burden) x \$40 per hour (including administrative staff time and overhead) = \$240,000

**FCC Form 474 – Service Provider Invoice Form:**

(1) Number of Respondents: At most 2,200 service providers.

(2) Frequency of Response: On occasion and third party disclosure. The frequency depends on the preference of the service provider to seek reimbursement from

the fund administrator. The form may be prepared as infrequently as one time per year for each set of services which have been approved for discounts to be provided by various service providers, or as frequently as monthly. We have found that in the past year, the average was about 18 times per service provider, so we use this as the basis for our calculations.

(3) Annual Burden per Respondent: 1.5 hours x 18 x 2,200. Total Annual Burden: **59,400 hours**.

(4) Total estimate of annualized cost to respondents for the hour burden for collection of information: \$2,376,000.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1.5 hours and will occur once a month. 2,200 (number of respondents) x 18 (maximum number of submissions estimated) x 1.5 (estimated hour burden) x \$40 per hour (including administrative staff time and overhead) = \$2,376,000.

**Total Number of Respondents = 13,000 + 6,000 + 2,200 = 21,200 Respondents.**

**Total Number of Responses = 45,500 + 6,000 + 39,600 = 91,100 Responses (rounded to 90,000).**

**Total Annual Burden = 68,250 + 6,000 + 59,400 = 133,650 Hours.**

13. (a) Total capital start-up costs component annualized over its expected useful life: \$0. The collections will not require the purchase of additional equipment. (b) Total operation, maintenance and purchase of services component: \$0. The collections will not result in additional operating or maintenance expenses.

14. There will be few, if any, costs to the Commission because the notice and enforcement requirements are already part of Commission duties. Moreover, there will be minimal costs to the Federal government since an outside party will administer this program.

15. A burden change is requested. The public burden for the collection contained herein is now **133,650** burden hours which is an increase of 74,700 burden hours. The adjustment is due to updated information based on actual participation in the program. Commission reduced the estimated time per response for FCC Form 473 from 1.5 hours to 1 hour. However, the Commission has seen less respondents filing the forms but more responses are reported with this submission. For example: 1) When the Commission submitted this collection in 2003, we noted that 20,000 respondents would file the FCC Form 472 once at 1.5 hours per response which equaled 30,000 burden hours. With this revision, we are now reporting that 13,000 billed entities would file the form 3.5 times per year with 1.5 hours per response which equals 68,250 burden hours. 2) FCC Form 473 was previously reported as taking 1.5 hours per response, we are now reporting it to take 1 hour per response. 3) FCC Form 474 has approximately 3,500 additional service providers taking 1.5 hours per response totaling 59,400 hours. By recalculating the formulas, this changed our total annual burden to 133,650 hours.

16. The results of these collections are not published.

17. The Commission seeks continued approval not to display the expiration date for OMB approval of the information collections. Display of the expiration date on the forms and instructions would not be in the public interest because we would have to destroy all of the unused forms bearing the previous expiration date. This would constitute waste and would not be cost effective.

18. Not applicable.

**B. Collections of Information Employing Statistical Methods:**

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