

**Section 54.301, Local Switching Support and Local Switching Support Data
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SUPPORTING STATEMENT

A. Justification:

1. The Communications Act of 1934, as amended (the Act), requires the Commission to preserve and advance universal service as markets move toward competition. To fulfill that mandate, the Commission has adopted rules to provide universal service support to rural and high-cost areas. One mechanism for providing such support is the local switching support mechanism. Local switching support is provided to carriers with study areas of 50,000 or fewer access lines to help defray the higher switching costs of smaller carriers. To receive local switching support, carriers are required to provide information relating to their switching costs.

The Commission is seeking extension of the following reporting and third party disclosure requirements:

47 C.F.R. § 54.301 (a) through (e) - Local Switching Support (cost companies) – Each incumbent local exchange carrier that is not a member of the NECA Common Line tariff, that is a cost company, that has been designated an eligible telecommunications carrier, and that serves a study area with 50,000 or fewer access lines shall, for each study area, provide the Administrator with the projected total unseparated dollar amount assigned to each account in Section 54.301(b).

47 C.F.R. § 54.301(f) – Local Switching Support (average schedule companies) – Each incumbent local exchange carrier that is not a member of the NECA Common Line tariff, that is an average schedule company, that has been designated an eligible telecommunications carrier, and that serves a study area with 50,000 or fewer access lines shall, for each study area, provide the Administrator with its projected total number of access lines, central offices, and access minutes. This information is necessary so that the universal service administrator may comply with section 54.301(f) of the Commission’s rules.

Section 54.301(f) also requires that “The Administrator of the universal service fund (third party) shall submit to the Commission and the Wireline Competition Bureau for review and approval a formula that simulates the disbursements that would be received pursuant to this section by a company that is representative of average schedule companies. For each annual period, the Administrator shall submit the formula, any proposed revisions of such formula, or a certification that no revisions to the formula are warranted on or before December 31 of each year.”

The statutory authority for this collection is contained in sections: 1-4, 201-205, 218-220, 214, 254, 303(r), 403, and 410 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 201-205, 218-220, 214, 254, 303(r), 403 and 410.

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. This data request is necessary to calculate the average unseparated local switching revenue requirement. This revenue requirement calculation is necessary to calculate the amount of local switching support that carriers will receive. The reporting requirements should not be burdensome since carriers ordinarily

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retain this type of information to calculate their switching costs consistent with Part 32 of the Commission's rules.

3. In an effort to reduce any burden created by these information collection requirements, the Commission shall permit all respondents to file responses using automated, electronic, mechanical or other technological collection techniques where feasible. Respondents may respond to this data request electronically directly to the universal service administrator.
4. There will be no duplication of information. The information sought is unique to each carrier or respondent and similar information is not already available. The Commission is using already established reporting and recordkeeping requirements to satisfy certain statutory directives and eligibility criteria.
5. The collections of information may affect small entities as well as large entities. In this instance, however, the collection was instituted to ensure that all entities continue to receive universal service support consistent with the Congressional directive to make support "explicit." This information collection is based on information already maintained by carriers.
6. Failing to collect the information, or collecting it less frequently, would prevent the Commission from implementing sections 214 and 254 of the Act and would thwart Congress's goals of providing affordable service and access to advanced services throughout the nation.
7. No known special circumstances apply to this information collection.
8. Pursuant to 5 CFR Section 1320.8(d), the Commission placed a notice in the *Federal Register* to solicit public comment on November 15, 2007, see 72 FR 64223,24224. The Commission received no comments following publication of this notice.
9. The Commission does not anticipate providing any payment or gift to respondents.
10. The Commission is not requesting that respondents submit confidential information to the Commission. We note that the Administrator must preserve the confidentiality of all data obtained from respondents and contributors to the universal service mechanism, must not use the data except for purposes of administering the universal service support program, and must not disclose data in company-specific form unless directed to do so by the Commission.
11. There are no questions of a sensitive nature with respect to the information collections described herein.
12. The following represents the hour burden on the collection of information:
 - a. 47 C.F.R. § 54.301 (a) through (e) – Local Switching Support. Filing by cost companies not members of the NECA tariff:
 - (1) Number of respondents: Approximately 123 telephone companies would have to obtain and report local switching information; 123 responses.

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Total annual hourly burden for submission is 2,952 hours.

- (2) Frequency of response: Annual and on occasion reporting requirements.
- (3) Annual burden per respondent: 24 hours to report all of the local switching information.

The total annual line reporting burden is **2,952 hours**.

- (4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: **\$118,080**.
- (5) Explanation of calculation: We estimate that it will take 123 carriers approximately 24 hours each to compile the required local switching information.

123 respondents x 1 number of submissions required x 24 hours/report preparation = 2,952 hours

2,952 hours x \$40 per hour (including administrative staff time and overhead) = \$118,080.

- b. 47 C.F.R. § 54.301(f) – Local Switching Support and fund Administrator submission of the formula that simulates the disbursements. Filing by average schedule companies not members of the NECA tariff.

- (1) Number of respondents: The fund administrator (1 administrator submission of formula that simulates disbursements) and approximately 29 telephone companies would have to obtain and report local switching information = 30 respondents; 30 responses.

Total annual hourly burden for submission is 15.5 hours.

- (2) Frequency of response: Annual reporting requirement and third party disclosure requirement.
- (3) Annual burden per respondent: 1 hour for administrator submission and review of formula, and 29 telephone companies at 0.5 hours to report all of the local switching information. The total annual line reporting burden is:

1 x 1 respondent = 1 hour;

29 respondents x 0.5 hours = 14.5 hours.

Total annual burden: 1 + 14.5 = 15.5 hours.

- (4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: **\$620.00**.
- (5) Explanation of calculation: We estimate that it will take 1 hour for administrator submission and review of formula and 29 carriers will take approximately 0.5 hours to compile the required local

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switching information.

1 administrator x 1 number of submissions required x 1 hour/report preparation = 1

1 hour x \$40 per hour (including administrative staff time and overhead) = \$40.00

29 respondents x 1 number of submissions required x 0.5 hours/report preparation = 14.5 hours

14.5 hours x \$40 per hour (including administrative staff time and overhead) = \$580.00

1 + 14.5 = 15.5 hours

\$40.00 + \$580.00 = \$620.00.

*The universal service administrator, USAC, has developed a form (Local Switching Support) to collect the information specified in the Commission's rules. A copy of this form is attached for review. Note that carriers are required to file true up data. See 47 C.F.R. 54.301(e).

Total Number of Respondents: 123 + 30 = **153 respondents**

Total Number of Responses Annually: 123 + 30 = **153 responses**

Total Annual Hourly Burden: 2,952 + 15.5 = **2,967.5 hours**, rounded to **2,968 hours**

Total "In House" Costs: \$118,080 + \$620.00 = **\$118,700.00**

13. (1) Total capital start-up costs component annualized over its expected useful life: \$0.00.

The collections will not require the purchase of additional equipment.

(2) Total operation and maintenance and purchase of services component: \$0.00.

The collections will not result in additional operating or maintenance expenses.

(3) Total annualized cost requested: \$0.00

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

15. There will be a reduction of 356.5, rounded to 357 burden hours from the previous estimated 3,324 hours. The total annual hourly burden for the information collection requirements contained herein is 2,967.5, rounded to 2,968 burden hours.

The change in the burden estimate (adjustment) is due to an overall reduction in the number of

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respondents from 160 respondents to 153 respondents, as follows:

- (a) the number of respondents effected by Section 54.301 has decreased from 138 to 123 telephone companies; but
 - (b) the number of respondents effected by Section 54.301(f) has increased from 22 to 29 telephone companies.
16. This information may be made public through reports from the universal service administrator to the Commission although the Commission does not have specific plans for doing so at this time.
 17. The Commission requests 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, after the approval period, we would have to destroy all of the unused forms bearing the expiration date. This would constitute waste and would not be cost effective.
 18. The Commission notes that number of respondents has decreased by one—from 153 to 152 respondents, due to a minor miscalculation, and the burden hours have increased by one due to a rounding the total estimated hourly burden from 2,967.5 to 2,968 hours. There are no other 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.