

SUPPORTING STATEMENT

This collection is being submitted to extend an existing collection. There has been a significant increase in the total annual burden hours and annual cost estimates. This adjustment is due to 500 additional respondents and the on-going requirements referenced in item 12b. There is no change in the recordkeeping requirements.

A. Justification:

1. In CC Docket Nos. 96-149 and 96-61, the Commission imposed recordkeeping requirements on independent local exchange carriers (LECs). Independent incumbent LECs wishing to offer international, interexchange services must comply with the requirements of the Competitive Carrier Fifth Report and Order in order to do so. One of these requirements is that the independent incumbent LEC's international, interexchange affiliate (for facilities-based providers of international, interexchange services) or division (for resellers of international, interexchange services) must maintain books of account separate from such LEC's local exchange and other activities. See 47 CFR Section 64.1903 for specific recordkeeping requirements.

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.

Statutory authority for this information collection is: Sections 1, 2, 4, 201, 202, 251, 271, 272, and 303(r) of the Communications Act as amended, 47 U.S.C. §§ 151, 152, 154, 201, 202, 251, 271, 272, and 303(r).

2. This recordkeeping requirement is used by the Commission to ensure that independent incumbent LECs that provide international, interexchange services do so in compliance with the Communications Act, as amended, and with Commission policies and regulations.
3. This recordkeeping collection requires no more than conventional accounting methods, some of which may include automated, electronic, mechanical, or other technological collection techniques, at the discretion of the carrier.
4. There will be no duplication of information. The information sought is unique to each carrier.
5. The collection of information will affect all independent incumbent LECs providing international, interexchange services, some of which may be small incumbent LECs.

6. This is a recordkeeping requirement. If the collection were not conducted, or were not conducted frequently, it might be more difficult for the Commission to promote the development of competition and protect against anticompetitive practices in the international, interexchange market, in accordance with the Communications Act, as amended, and with Commission policies and regulations.
7. There are no special circumstances.
8. Pursuant to 5 CFR 1320.8(d), the Commission published a notice in the Federal Register. See 74 FR 55551, dated October 28, 2009. No comments were received.
9. The Commission does not anticipate providing any payment or gift to respondents.
10. The Commission is not requesting respondents to submit confidential information to the Commission. This is a recordkeeping requirement.
11. There are no questions of a sensitive nature with respect to the information collected.
12. Respondent Burden:

The following represents the estimates of hour burden of the recordkeeping requirements. This burden arises from development of the internal systems for initial compliance and from maintaining those systems over time. We note that these costs may vary depending on whether the independent incumbent LEC provides international interexchange services on a facilities-based, as opposed to resale, basis. We also note that the Commission does not collect data tracking the number of independent incumbent LECs that enter, or participate in, the market for international, interexchange services, or on the extent to which that entry, or participation, is on a facilities-based, as opposed to resale, basis.

A. Initial Compliance:

- (a) Number of respondents: Approximately 10.
- (b) Frequency of response: Recordkeeping requirement.
- (c) Annual hour burden: 6,056 hours per respondent; $6,056 \times 10 = 60,560$ hours total annual burden for all respondents.
- (d) Method of estimation of burden: In estimating the burden we used information contained in the Part 32 Uniform System of Accounts (“USOA”) collection (3060-0370). We anticipate the recordkeeping requirement not to exceed 25% of the burden associated with Part 32 Class B record requirements. We estimate that 10 independent incumbent LECs will enter the international, interexchange market each year by forming a separate affiliate or division.
 $(10 \text{ entrants}) \times 6,056 = 60,560$ total annual burden hours

(e) Total estimates of annualized cost to respondents for the hour burdens for collection of information associated with initial compliance: Assuming the affiliated companies use personnel comparable in pay to a GS-11 Federal employee, including 30% for overhead, the cost estimate is as follows:

$$(10 \text{ entrants}) \times (6,056 \text{ hours per entrant}) \times (\$49 \text{ per hour}) = \$2,967,440$$

B. Maintenance Over Time:

(a) Number of respondents: Approximately 500.

(b) Frequency of response: Recordkeeping requirement.

(c) Annual hour burden: 500 hours per respondent; $500 \times 500 = 250,000$ hours total annual burden for all respondents.

(d) Method of estimation of burden: We estimate that the burden of maintaining separate books of account is significantly less than the burden of initial implementation, particularly since many of the independent incumbent LECs that provide international, interexchange services do so through resale, which imposes lesser accounting burdens than does facilities-based operations. We also estimate that approximately half of the companies that provide international, interexchange services are affiliated with incumbent LECs.

$(500 \text{ providers}) \times (500 \text{ hours per provider}) = 250,000$ total annual burden hours

(e) Total estimate of annualized cost to respondents for the hour burdens for collection of information associated with maintenance over time: Assuming the affiliated companies use personnel comparable in pay to a GS-11 Federal employee, including 30% for overhead, the cost estimate is as follows:

13. Respondent Cost: $(500 \text{ providers}) \times (500 \text{ hours per provider}) \times (\$49 \text{ per hour}) = \$12,250,000$.

Total estimate of annualized outside contracting costs to respondents for maintaining separate books of account for international, interexchange services for this collection of information is: $\$2,967,440 + \$12,250,000 = \$15,217,440$.

14. There will be few if any costs to the Commission because the recordkeeping requirements will not require review by the Commission in most instances.

15. A change in burden is requested. The total annual burden for this collection has been adjusted to more accurately reflect information currently available and the ongoing costs of compliance. The previous number of respondents/responses was 10, which reflected only the approximate number of new entrants (*i.e.*, independent incumbent LECs entering the international, interexchange market) that would face initial compliance costs associated with setting up separate books of account. The number of respondents has been adjusted upward to include the approximately 500 independent incumbent LECs that must maintain separate books of account on an ongoing basis. Thus, the total number of respondents for this collection is adjusted to 510.

16. The Commission does not anticipate publishing any of the information collected.

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

18. No retention period is specified for the recordkeeping requirement. Respondents also may use information technology to comply with this requirement at their discretion. The burden estimates have been updated to more accurately reflect the information currently available and the ongoing costs of compliance. Additionally, when the Commission published the 60 day notice, we used the existing hourly burden rather than the estimate reported in this OMB submission.

B. Collections of Information Employing Statistical Methods:

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