

## SUPPORTING STATEMENT

This submission is being made pursuant to 44 U.S.C. 3507 of the Paperwork Reduction Act of 1995 to extend existing collection 3060-0972 (FCC Forms 507, 508 and 509).

### A. Justification:

1. *Circumstances that make collection necessary.* Following the passage of the Telecommunications Act of 1996 (1996 Act), the Commission adopted interstate access charge and universal service support reforms. The reforms were designed to establish a “pro-competitive, deregulatory national policy framework” for the United States telecommunications industry, and to carry out the universal service policies embodied in the 1996 Act.

Specifically, the Commission aligned the interstate access rate structure more closely with the manner in which costs are incurred, and created a universal service support mechanism for rate-of-return carriers (Interstate Common Line Support (ICLS)) to replace implicit support in interstate access charges with explicit support that is portable to all eligible telecommunications carriers.

The Commission’s actions were also tailored to the needs of small and mid-sized local telephone companies serving rural and high-cost areas, and help to provide certainty and stability for rate-of-return carriers, encourage investment in rural America, and provide important consumer benefits.

By merging Long Term Support (LTS) with ICLS, the Commission made the universal service mechanisms simpler and more transparent, while ensuring that rate-of-return carriers maintain existing levels of universal service support.

The Universal Service Administrative Company (USAC or the “Administrator”) is charged with administering the ICLS mechanism under the oversight of the Commission’s Wireline Competition Bureau pursuant to the authority contained in sections 1-4, 10, 154(i), 154(j), 201-205, 254, and 403 of the Communications Act of 1934 as amended, 47 U.S.C. §§ 1-4, 10, 154(i), 154(j), 201-05, 254, and 403 and section 1.3 and 1.103 of the Commission’s rules, 47 CFR §§ 1.3 and 1.103.

To administer the ICLS mechanism, the Administrator must collect certain data, described in more detail below. Specifically, the Administrator must collect from each rate-of-return carrier projected cost and revenue data for the July 1-June 30 funding year to accurately distribute prospective ICLS to those carriers.

The Administrator must also collect from each rate-of-return carrier actual cost and revenue data for the prior calendar year in order to accurately calculate the final ICLS for which the carrier is eligible and perform true-ups against the prospective ICLS. In order to fulfill its obligation to prevent waste, fraud, and abuse in the universal service program the Administrator must also collect from selected carriers additional cost and revenue data for the purpose of validating the actual cost and revenue data filed by rate-of-return carriers.

For average schedule rate-of-return carriers that do not normally file detailed cost studies for other

purposes, the Administrator must collect certain data used in average schedule formulas to calculate common line settlements, in lieu of projected and actual cost and revenue data. In order to calculate the per-line support amount that will be available to the competitive eligible telecommunications carriers serving lines in rate-of-return study areas, the Administrator must collect line count data both from incumbent rate-of-return carriers and from competitive eligible telecommunications carriers.

Following are the collections of information:

**a. 47 CFR Sections 54.902(c)(1), 54.903(a)(1), and 54.903(a)(3) Projected Revenue Requirements:**

In order to enable the Administrator to calculate per-line amounts of ICLS, rate-of-return carriers other than average schedule companies shall report to the Administrator their projected common line revenue requirement for each study area in which they operate.

Consistent with their average schedule status, average schedule companies are required to submit information necessary in order for the Administrator to calculate common line revenue requirements for average schedule companies.

In accordance with 47 CFR Section 54.705 of our rules, the Administrator shall have authority to perform audits of beneficiaries of the new ICLS mechanism to ensure the accuracy of data submitted.

In addition to the projected cost data (i.e., projected common line revenue requirement), rate-of-return carriers (other than average schedule companies), must file with the Administrator projected revenue data, including demand data, on the same schedule. These data are necessary to calculate the amount of ICLS that a rate-of-return carrier will receive pursuant to 47 CFR Section 54.901 of the Commission's rules, pending the availability of actual cost and revenue data (described below).

Projected cost data, including cost & revenue data is filed on FCC Form 508.

A carrier must also certify that the projected data are accurate to the best of the carrier's knowledge and ability. If a carrier elects to have an agent perform the filing on its behalf, the carrier must authorize the agent to make the filing and certify that it has provided accurate data to the agent for the purpose of performing the filing. The agent must then also certify that the projected data are accurate to the best of its knowledge and ability. Carriers must file the data by March 31 for the following July 1 to June 30 funding year. Carriers can correct data filed on March 31 until June 30.

**b. 47 CFR Sections 54.902(a)(1), 54.902(b)(1), and 54.902(b)(3) True Ups:**

A rate-of-return carrier's final ICLS is based on its actual costs and revenues and therefore any prospective ICLS provided pursuant to projected cost and revenue data must be "trued up" with the final ICLS amount. True ups also enable carriers that require additional ICLS due to unforeseen costs or unexpectedly low revenues to file actual cost data and receive increased ICLS based on those costs. Additionally, true ups serve to minimize incentives for carriers to overstate projected interstate common line revenue requirements. Through the true up process, such carriers eventually receive support that reflects their actual costs.

December of each year, rate-of-return carriers, as required, submit actual interstate common line

cost data to the Administrator for the preceding calendar year. To the extent that actual cost and revenue data results in a different ICLS amount than the prospective ICLS provided pursuant to projected cost and revenue data, the Administrator adjusts a rate-of-return carrier's monthly per-line ICLS in the following calendar year.

In addition to the interstate common line cost data, rate-of-return carriers must file with the Administrator interstate common line revenue data, including demand data, on the same schedule. This data is necessary to calculate the amount of ICLS that a rate-of-return carrier will receive pursuant to 47 CFR Section 54.901 of the Commission's rules.

The actual data, including cost and revenue data is reported on FCC Form 509.

A carrier must also certify that the actual data are accurate to the best of the carrier's knowledge and ability. If a carrier elects to have an agent for the carrier perform the filing on its behalf, the carrier must authorize the agent to make the filing and certify that it has provided accurate data to the agent for the purpose of performing the filing. The agent must then also certify that the actual data is accurate to the best of its knowledge and ability. Additionally, some carriers (approximately 60 to 120 carriers) will be selected to provide additional information to validate the data provided on FCC Form 509, pursuant to the Administrator's obligation to prevent waste, fraud, and abuse of universal service funds.

**c. 47 CFR Sections 54.307(b), 54.903(a)(1), and 54.903(a)(2) Line Counts:**

Rate-of-return carriers must file their line counts, by disaggregation zone and customer class, in accordance with the schedule in 47 CFR Sections 36.611 and 36.612 of the Commission's rules.

Line count data for rural rate-of-return carrier study areas in which a competitive eligible telecommunications carrier has not begun providing service are filed on an annual basis.

Line count data must be filed on a quarterly basis upon competitive entry in rural rate-of-return carrier study areas.

Rate-of-return-regulated non-rural carriers are required to file line count data on a quarterly basis regardless of whether a competitor is present.

If a rate-of-return carrier files a quarterly line count that includes lines that have been acquired from another carrier since its annual filing, these lines must be identified separately and the carrier from which the lines were acquired must be identified.

Competitive eligible telecommunications carriers must file their line counts, by disaggregation zone and customer class, on a quarterly basis, in accordance with the schedule in 47 CFR Section 54.307 of the Commission's rules. This filing schedule permits the Administrator to provide support to competitive eligible telecommunications carriers based on the most accurate data feasible.

In order for the Administrator to calculate appropriate levels of support, line counts must be assigned to disaggregation zones if disaggregation zones have been established within a study

area. In addition, the line count information must show residential/single-line business line counts separately from multi-line business line counts.

The residential/single-line business lines reported may include single and non-primary residential lines, single-line business lines, basic rate interface (BRI) integrated services digital network (ISDN) service, and other related residence class lines.

Similarly, the multi-line business class lines reported may include multi-line business, Centrex, ISDN primary rate interface (PRI) and other related business class lines.

Such additional reporting requirements are necessary to enable the Administrator to calculate appropriate levels of ICLS for rate-of-return carriers and their competitors.

Line count data is reported on FCC Form 507.

A carrier must also certify that the line count data are accurate to the best of the carrier's knowledge and ability. If a carrier elects to have an agent for the carrier perform the filing on its behalf, the carrier must authorize the agent to make the filing and certify that it has provided accurate data to the agent for the purpose of performing the filing. The agent must then also certify that the line count data is accurate to the best of its knowledge and ability.

**d. 47 CFR Section 54.904(a) - 47 USC Section 254(e) Certifications:**

Section 254(e) of the 1996 Act provides that a carrier receiving universal service support must use that support "only for the provision, maintenance, and upgrading of facilities and service for which the support is intended."

To ensure that carriers receiving ICLS will use that support in a manner consistent with section 254(e) of the 1996 Act, the Commission requires rate-of-return carriers and eligible telecommunications carriers seeking such support to file a certification with the Commission and the Administrator. The certification must be filed with the Commission and the Administrator annually on June 30th. The certification may be filed in the form of a letter and must state that the carrier will use its ICLS only for the provision, maintenance, and upgrading of facilities and service for which support is intended.

In the event that a certification is filed untimely, the carrier will not become eligible for support until the second calendar quarter after the certification is filed. Failure to file a certification will preclude a carrier from receiving ICLS. Carriers that fail to abide by their certification, or otherwise violate section 254(e) of the 1996 Act, are subject to enforcement action by the Commission.

**e. 47 CFR Section 69.306(d) Optional Line Port Cost Study:**

Rate-of-return carriers may use 30 percent of local switching costs as a proxy in shifting line port costs to the common line category, or may conduct a cost study based on geographically-averaged costs to be submitted in support of the tariff filing relying on the cost study. A carrier may rely on a cost study for subsequent tariff filings.

**f. 47 CFR Sections 69.106(g), 69.106(h), and 69.111(m) Optional Tariff Filings:**

Rate-of-return carriers may, at their option, establish the following local switching and transport rate elements: a flat charge for dedicated trunk port costs; a flat charge for the costs of DS1/voice grade multiplexers associated with terminating dedicated trunks at analog switches; a per-minute charge for shared trunk ports and any associated DS1/voice grade multiplexer costs; a flat charge for the costs of trunk ports used to terminate dedicated trunks on the serving wire center side of the tandem switch; individual charges for multiplexer costs associated with tandem switches; and a per-message call setup charge.

**g. 47 CFR Sections 69.307(c) and 69.307(e) GSF Allocation: \_**

Rate-of-return carriers that use general purpose computers to provide non-regulated billing and collection services are required to allocate a portion of their general purpose computer costs to the billing and collection category, which will require them to determine general purpose computer investment. Carriers may use the general purpose computer investment amount they develop for a period of three years.

**h. 47 CFR Section 69.123 Transport and Special Access Deaveraging:**

Rate-of-return carriers may modify their access tariffs to offer transport and special access services immediately at deaveraged rates. The carriers must have a tariffed cross-connect element and define the applicable zones, which must match any zones for unbundled network elements. Rate-of-return carriers do not have to file for approval of their zone plans before making a tariff filing.

Statutory authority for this collection of information is contained in sections 1-4, 10, 154(i), 154(j), 201-205, 254, and 403 of the Communications Act of 1934 as amended, 47 U.S.C. §§ 1-4, 10, 154(i), 154(j), 201-05, 254, and 403 .

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. *Use of information.* The Commission will use the information collected to determine whether and to what extent non-price cap or rate-of-return carriers providing the data are eligible to receive universal service support. The Commission will use the tariff data to make sure that rates are just and reasonable, as required by section 201(b) of the 1996 Act.
3. *Technological collection techniques.* In an effort to reduce any burden created by these information collection requirements, the Commission permits respondents to file responses using automated, electronic, mechanical or other technological collection techniques where feasible.
4. *Efforts to identify duplication.* 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. *Impact on small entities.* The collections of information may affect small entities as well as large entities. The collections have been carefully designed to minimize the burden on all carriers,

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regardless of size. In developing FCC Forms 507, 508, and 509, a cross-section of carriers that will be completing the form, including small entities and associations representing small entities, have been consulted.

6. *Consequences if information is not collected.* The information collected will determine non-price cap or rate-of-return carriers information eligibility for support. Without the requested information, the Commission would be unable to determine whether a carrier meets the criteria for support under the adopted plan and thus unable the Commission to provide rate-of-return carriers additional support necessary to achieve the goals of section 254 of the 1996 Act. Furthermore, without the tariff data, the Commission and interested parties would not be able to ascertain if rates are just and reasonable.
7. *Special circumstances.* We do not foresee any special circumstances that would cause an information collection to be conducted under extraordinary circumstances.
8. *Federal Register notice; efforts to consult with persons outside the Commission.* A notice was placed in the *Federal Register* pursuant to 5 CFR § 1320 on September 9, 2010. *See 75 FR 54878.* The Commission has received no comments.
9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payment or gift to respondents.
10. *Assurances of confidentiality.* 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. *Questions of a sensitive nature.* There are no questions of a sensitive nature with respect to the information collections described herein.
12. *Estimates of the hour burden of the collection to respondents.*

The following represents the hour burden on the collections of information.

The Commission notes that it has increased its estimate of the number of respondents in c(2) and decreased the number of respondents in (g); otherwise there are no changes to the burden estimates from those previously approved, except that we have adjusted the calculation for the "in house" costs:

a(1) FCC Form 508 - Projected Revenue Requirements (Rate-of-Return Carriers):

- (1) Number of respondents: 795 Rate-of-Return carriers.
- (2) Frequency of response: Annual reporting requirement.

The Commission estimates that the Rate-of-Return carriers report to the Administrator their projected common line revenue requirement for each study area in which they operate.

(3) Total Number of Responses Annually: 795 responses

795 rate-of-return carriers x 1 response/annum = 795 responses.

(4) Total Annual Hourly Burden: 1,590 hours

The Commission estimates that respondents require approximately two hours to prepare and report their projected common line revenue requirements for each study area in which they operate.

795 rate-of-return carriers x 2 hours/report = **1,590 hours**

(5) Total "In House" Costs: \$100,270

The Commission estimates that each rate-of-return carrier uses staff equivalent to a GS-13/Step 5 (\$48.51/hour) Federal employee, plus 30% overhead, to prepare the report of the projected common line revenue requirement and projected revenues for each study area in which the carrier operates.

1,590 hours/report x \$48.51/hour = \$77,131  
30% overhead = \$23,139  
Total: \$100,270

a(2) FCC Form 508 - Projected Revenue Requirements (Average Schedule Carriers):

(1) Number of Respondents: 463 average schedule carriers.

(2) Frequency of response: Annual reporting requirements.

The Commission estimates that the average schedule carriers are required to submit information annually that is necessary for the Administrator to calculate common line revenue requirements for average schedule companies.

(3) Total Number of Responses Annually: 463 responses

The Commission estimates that average schedule carriers make one submission annually.

463 average schedule carriers x 1 submission/annum = 463 responses

(4) Total Annual Hourly Burden: 463 hours.

The Commission estimates that the carriers require one hour to prepare and submit their information.

463 carriers x 1 hour/submission = **463 hours**

(5) Total “In House” Costs: \$29,198

The Commission estimates that each average schedule carrier uses staff equivalent to a GS-13/Step 5 (\$48.51/hour) Federal employee, plus 30% overhead, to prepare and submit the information necessary for the Administrator to calculate common line revenue requirements for average schedule companies.

$$\begin{aligned} 463 \text{ hours} \times \$48.51/\text{hour} &= \$22,460 \\ 30\% \text{ overhead} &= \underline{\$6,738} \\ \text{Total:} &= \$29,198 \end{aligned}$$

a(3) FCC Form 508 - Projected Revenue Requirements (Updates for Rate-of-Return Carriers):

(1) Number of Respondents: 795 Rate-of-Return carriers.

(2) Frequency of Response: Annual reporting requirements.

(3) Total Number of Responses Annually: 795 responses

Rate-of-Return carriers may voluntarily update their projected cost and revenue data annually on June 30 for the funding year ending on that date.

$$795 \text{ rate-of-return carriers} \times 1 \text{ response/annum} = 795 \text{ responses}$$

(4) Total Annual Hourly Burden: 1,590 hours

The Commission estimates that carriers require approximately two hours to update their projected cost and revenue data annually on June 30 for the funding year.

$$795 \text{ carriers} \times 2 \text{ hours/annual update} = \mathbf{1,590 \text{ hours}}$$

(5) Total “In House” Costs: \$100,270

The Commission estimates that each rate-of-return carrier uses staff equivalent to a GS-13/Step 5 (\$48.51/hour) Federal Employee, plus 30% overhead, to report its projected common line revenue requirement and projected revenues for each study area in which they operate.

$$\begin{aligned} 1,590 \text{ hours} \times \$48.51/\text{hour} &= \$77,131 \\ 30\% \text{ overhead} &= \underline{\$23,139} \\ \text{Total:} &= \$100,270 \end{aligned}$$

a(4) FCC Form 508 - Projected Revenue Requirements (Updates for Average Schedule Carriers):

(1) Number of Respondents: 463 Average Schedule carriers

(2) Frequency of Response: Annual reporting requirements

(3) Total Number of Responses Annually: 463 responses

The Commission estimates that the average schedule carriers may voluntarily update their projected cost and revenue data annually on June 30 for the funding year ending on that date.

463 average schedule carriers x 1 update/annum = 463 responses

(4) Total Annual Hourly Burden: 463 hours

The Commission estimates that carriers require approximately one hour to update their projected cost and revenue data annually on June 30 for the funding year.

463 carriers x 1 hour/annual update = **463 hours**

(5) Total "In House" Costs: \$29,198

The Commission estimates that each average schedule carrier uses staff equivalent to a GS-13/Step 5 (\$48.51/hour) Federal employee, plus 30% overhead, to submit the information necessary for the Administrator to calculate common line revenue requirements for average schedule companies.

463 hours x \$48.51/hour = \$22,460  
30% overhead = \$6,738  
Total: \$29,198

b(1) FCC Form 509 - True Ups (Annually):

(1) Number of respondents: 795 Rate-of-Return carriers.

(2) Frequency of response: Annual reporting requirement.

(3) Total Number of Responses Annually: 795 responses

Rate-of-Return carriers must report on December 31st of each year, to the Administrator, their actual interstate common line cost and revenue data.

795 rate-of-return carriers x 1 annual reporting requirement = 795 responses

(4) Total Annual Hourly Burden: 3,180 hours

The Commission estimates that each rate-of-return carrier requires approximately four hours to prepare and submit to the Administrator its actual interstate common line cost and revenue

data.

795 rate-of-return carriers x 4 hours/report = **3,180 hours**

(5) Total "In House" Costs: \$200,540

The Commission estimates that each rate-of-return carrier uses staff equivalent to a GS-15/Step 5 (\$67.43/hour) Federal employee, plus 30% overhead, to report its actual interstate common line cost data.

3,180 hours x \$67.43/hour = \$154,262  
30% overhead = \$46,278  
Total: \$200,540

b(2) FCC Form 509 - True Ups (Average Schedule Carriers):

(1) Number of respondents: 463 average schedule carriers.

(2) Frequency of response: Annual reporting requirements

(3) Total Number of Responses Annually: 463 responses

The Commission estimates that each average schedule carrier makes one information report annually.

463 carriers x 1 information report/annum = 463 responses

(4) Total Annual Hourly Burden: 463 hours.

The Commission estimates that average schedule carriers require approximately one hour to submit information that is necessary for the Administrator to calculate the common line revenue requirements for average schedule companies.

463 carriers x 1 hour/information submission = **463 hours**

(5) Total "In House" Costs: \$29,198

The Commission estimates that each average schedule carrier uses staff equivalent to a GS-13/Step 5 (\$48.51/hour) Federal employee, plus 30% overhead, to submit information necessary for the Administrator to calculate common line revenue requirements for average schedule companies.

463 hours x \$48.51/hour = \$22,460  
30% overhead = \$6,738  
Total: \$29,198

b(3) Validation of Cost and Revenue, filed in response to the Administrator's request for further validation (no form required):

- (1) Number of respondents: 100 carriers.
- (2) Frequency of response: Annual reporting requirements.
- (3) Total Number of Responses Annually: 100 responses

The Commission estimates that respondents make one information submission annually.

100 carriers x 1 information submission/annum = 100 responses

- (4) Total Annual Hourly Burden: 400 hours.

The Commission estimates that respondents require approximately four hours to prepare and submit information necessary for the Administrator to calculate common line revenue requirements for average schedule companies.

100 carriers x 4 hours/information submission = **400 hours**

- (5) Total "In House Costs: \$25,225

The Commission estimates that each carrier uses staff equivalent to a GS-13/Step 5 (\$48.51/hour) Federal employee, plus 30% overhead, to prepare and submit information necessary for the Administrator to calculate common line revenue requirements for average schedule companies.

400 hours x \$48.51/hour = \$19,404  
30% overhead = \$5,821  
Total: \$25,225

c(1) FCC Form 507 - Line Counts (Support in Non-Competitive Study Areas):

- (1) Number of respondents: 1,258 rate-of-return carriers
- (2) Frequency of response: Annual reporting requirements.
- (3) Total Number of Responses Annually: 1,258 responses

The Commission estimates that each carrier must file one line count data submission with the Administrator annually.

1,258 rate-of-return carriers x 1 line count data submission/annum = 1,258 responses

(4) Total Annual Hourly Burden: 7,548 hours.

The Commission estimates that each carrier requires approximately six hour to prepare and submit its line count data annually, by disaggregation zone, if applicable, and customer class.

$$1,258 \text{ carriers} \times 6 \text{ hours/line count data submission} = \mathbf{7,548 \text{ hours}}$$

(5) Total "In House" Costs: \$612,098

The Commission estimates that each carrier uses an employee equivalent to a GS-14/Step 5 (\$57.33/hour) Federal employee, plus 30% overhead, to compile the line count data analysis. We believe that the economic component of the data compilation and analysis requires approximately three hours per submission.

$$1,258 \text{ carriers} \times 3 \text{ hours/data analysis} \times \$57.33/\text{hour} = \$216,363$$

The Commission also estimates that each carrier uses a staff attorney equivalent to a GS-15/Step 5 (\$67.43/hour) Federal employee, plus 30% overhead, to prepare the compose the text of this submission. We believe that the narrative component of the data compilation and analysis requires approximately three hours per submission.

$$1,258 \text{ carriers} \times 3 \text{ hours/data analysis} \times \$67.43/\text{hour} = \$254,481$$

$$\begin{aligned} \$216,363 + \$254,481 &= \$470,844 \\ 30\% \text{ overhead} &= \underline{\$141,254} \\ \text{Total:} &= \$612,098 \end{aligned}$$

c(2) FCC Form 507 - Line Counts (Support in Competitive Study Areas):

(1) Number of respondents: 1,093 rate-of-return carriers

The Commission has increased the total number of rate-of-return carriers from 823 carriers to 1,093 carriers based on actual reporting obtained from USAC.

(2) Frequency of response: Quarterly reporting requirements.

Each carrier must file line count data with the Administrator after competitive entry into their carrier study areas.

(3) Total Number of Responses Annually: 4,372 responses

Each rate-of-return carrier has to file its line count data, by disaggregation zone, if applicable, and customer class, quarterly following the entry of a competitive eligible telecommunications carrier into its service areas.

1,093 rate-of-return carriers x 4 filings/annum = 4,372 responses

- (3) Total Annual Hourly Burden: 26,232 hours

The Commission estimates that each carrier requires approximately six hours to prepare and submit line count data in competitive study areas.

1,093 carriers x 6 hours/filing x 4 filings/annum = **26,232 hours**

- (4) Total "In House" Costs: \$2,127,258

The Commission estimates that carriers use an employee equivalent to a GS-14/Step 5 (\$57.43/hour) Federal employee, plus 30%overhead, to prepare the economic analysis for the line count quarterly data. We believe that the economic analysis takes approximately three hours.

1,093 carriers x 3 hours/economic analysis x 4 filings/yr x \$57.43/hour = \$751,940

The Commission also estimates that carriers use a staff attorney equivalent to a GS-15/Step 5

(\$67.43/hour) Federal employee, plus 30%overhead, to prepare and submit the line count data takes approximately three hours.

1,093 carriers x 3 hours/ for preparation and submission x 4 filings/yr x \$67.43/hour = \$884,412

\$751,940 + \$884,412 = \$1,636,352  
30% overhead = \$490,906  
Total: \$2,127,258

- d. 47 CFR Section 54.904(a) - 47 USC Section 254(e) Certifications (no form requirement, carrier provides statement in letter format):

- (1) Number of respondents: 1,258 rate-of-return carriers and competitive eligible telecommunications carriers
- (2) Frequency of response: Annual reporting requirements.
- (3) Total Number of Responses Annually: 1,258 responses

Carriers shall file a certification of section 245(e) compliance that is filed with the Commission and the Administrator.

1,258 carriers x 1 certification filing/annum = 1,258 responses

- (4) Total Annual Hourly Burden: 2,516 hours

The Commission estimates that the rate-of-return carriers and competitive eligible telecommunications carriers require approximately two hours to prepare and file a certification of section 245(e) compliance. The certification of compliance is filed with the Commission and the Administrator.

1,258 carriers x 2 hours/certification of compliance filing = **2,516 hours**

(5) Total "In House" Costs: \$158,667

The Commission estimates that each carrier uses staff equivalent to a GS-13/Step 5 (\$48.51/hour) Federal employee, plus 30% overhead to draft a letter to the Commission and Administrator to certify that it will use ICLS in a manner consistent with section 254(e).

2,516 hours x \$48.51/hour = \$122,051  
30% overhead = \$36,616  
Total: \$158,667

e. Optional Line Port Cost Study (no form requirement):

(1) Number of respondents: 12 rate-of-return carriers

(2) Frequency of response: One time reporting requirement.

(3) Total Number of Responses Annually: 12 responses

Rate-of-return carriers have tariff filing annually.

12 carriers x 1 tariff filing = 12 responses

(4) Total Annual Costs: 480 hours

The Commission estimates that the rate-of-return carrier entities require approximately 40 hours to file tariffs implementing elective features.

12 rate-of-return carriers x 40 hours/tariff filing = **480 hours**

(5) Total "In House" Costs: \$35,774

The Commission estimates that each carrier uses staff equivalent to a GS-14/Step 5 (\$57.33/hour) Federal employee, plus 30% overhead, to file the cost data.

480 hours x \$57.33/hour = \$27,518  
30% overhead = \$8,256  
Total: \$35,774

f. Optional Tariff Filings (no form requirement):

(1) Number of Respondents: 2 carriers

The Commission estimates that approximately 2 rate-of-return carrier entities will elect to file tariffs implementing elective features. (Note: The majority of carriers that will elect this have already done so and the hour burden should be less for those that do so in the future.)

(2) Frequency of response: On occasion reporting requirements.

Carriers have the option to determine the frequency of their response(s).

(3) Total Number of Responses Annually: 2 responses

The Commission estimates that carriers will file tariffs approximately one time annually.

2 carriers x 1 tariff filing/annum = 2 responses

(4) Total Annual Hourly Burden: 80 hours

The Commission estimates that carriers require approximately 40 hours to prepare and file their tariffs implementing elective features.

2 carriers x 40 hours/tariff filing = **80 hours**

(5) Total "In House" Costs: \$5,962

The Commission estimates that each carrier uses staff equivalent to a GS-14/Step 5 (\$57.33/hour) Federal employee, plus 30% overhead, to file the tariffs.

80 hours/filing tariffs x \$57.33/hour = \$4,586  
30% overhead = \$1,376  
Total: \$5,962

g. GSF Allocation (no form requirement):

(1) Number of respondents: 200 carriers

The Commission estimates the number of carriers that will file the GSF allocation data to be 200 carriers.

(2) Frequency of response: Once every three years.

The Commission estimates that carriers will file the data once every three years.

(3) Total Number of Responses Annually: 67 responses annually

200 carriers x 1 response/3 years = 200 responses

200 responses divided by 3 years = 66.7 responses/annum rounded to 67 responses

(4) Annual hour burden per respondent: 1,340 hours

The Commission estimates that carriers require approximately 20 hours to file their data.

67 carriers x 20 hours/data filing x 0.333 = **1,340 hours**

(5) Total "In House" Costs: \$99,868

The Commission estimates that each respondent uses staff equivalent to a GS-14/Step 5 (\$57.33/hour) Federal employee, plus 30% overhead, to file the data.

1,340 hours/annual data filing x \$57.33/hour = \$76,822  
30% overhead = \$23,046  
Total: \$99,868

h. Transport and Special Access Deaveraging (no form requirement):

(1) Number of respondents: 6 rate-of-return carriers

(2) Frequency of response: On occasion reporting requirements

Each carrier has the option when it elects to file tariffs.

(3) Total Number of Responses Annually: 6 responses

The Commission believes that each carrier elects to file tariffs implementing deaveraged transport and special access rates at least once annually.

6 carriers x 1 tariff filing/annum = 6 responses

(4) Annual hour burden per respondent: 540 hours

The Commission estimates that respondents require approximately 90 hours to file tariffs implementing deaveraged transport and special access rates.

6 carriers x 90 hours/tariff filing = **540 hours**

(5) Total "In House" Costs: \$40,246

The Commission estimates that each carrier uses staff equivalent to a GS-14/Step 5

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(\$57.33/hour) Federal employee, plus 30% overhead to prepare and file the de-averaged rate tariffs.

540 hours/deaveraged rate tariff fillings x \$57.33/hour = \$30,958  
30% overhead = \$9,288  
Total: \$40,246

*See Table on next page for breakdown of burden estimates in individual categories.*

**INFORMATION COLLECTION BURDEN ESTIMATES**

<b>Information Collection Requirements</b>	<b>Total Number of Respondents</b>	<b>Total Number of Responses</b>	<b>Estimated Time Per Response</b>	<b>Total Annual Hourly Burden</b>	<b>Total "In House" Costs</b>
a (1) Projected Revenue Requirements – FCC Form 508	795	795	2 hours	1,590	\$100,270
a (2) Projected Revenue Requirements (Average Schedule Carriers) – FCC Form 508	463	463	1 hour	463	\$29,198
a(3) Projected Revenue Requirements (Updates for Rate-of-Return Carriers) – FCC Form 508	795	795	2 hours	1,590	\$100,270
a(4) Projected Revenue Requirements (Updates for Average Schedule Carriers) – FCC Form 508	463	463	1 hour	463	\$29,198
b (1) True Ups (Annually) – FCC Form 509	795	795	4 hours	3,180	\$200,540
b (2) True Ups (Average Schedule Carriers) – FCC Form 509	463	463	1 hour	463	\$29,198
b (3) Validation of Cost and Revenues – no form required	100	100	4 hours	400	\$25,225
c (1) Line Counts (Support in Non-Competitive Study Areas) – FCC Form 507	1,258	1,258	6 hours	7,548	\$612,098
d (2) Line Counts (Support in Competitive Study Areas – FCC Form 507	1,093	4,372	6 hours	26,232	\$2,127,258
d. Section 254(e) certifications – Section 54.904(a)	1,258	1,258	2 hours	2,516	\$158,667
e. Optional Line Port Cost Study – no form required	12	12	40 hours	480	\$35,774
f. Optional Tariff Filings – no form required	2	2	40 hours	80	\$5,962
g. GSF Allocation – no form required	200	67	20 hours	1,340	\$99,868
h. Transport and Special Access Deaveraging – no form required	6	6	90 hours	540	\$40,246
<b>TOTALS</b>	<b>1,258</b>	<b>10,849</b>	<b>15.64 hrs. average</b>	<b>46,885</b>	<b>\$3,593,772</b>

**TOTAL NUMBER OF RESPONDENTS: 7,703.**

**TOTAL NUMBER OF RESPONSES ANNUALLY: 10,849.**

**TOTAL ANNUAL HOURLY BURDEN: 46,885 hours.**

TOTAL "IN HOUSE" COSTS: \$3,593,772.

13. Total Annual Costs to Respondents:

(1) Total annualized capital/start-up costs: \$0.00.

The collections will not require the purchase of additional equipment.

(2) Total operation and maintenance and purchase of service component (O&M) costs: **\$48,900.**

Respondents are subject to a tariff filing fee of \$815.

Thus, we expect 20 respondents to file approximately three tariffs per year:

20 respondents x 3 tariffs/annum x \$815/tariff filing fee = \$48,900.

(3) **Total annualized cost requested: \$48,900.**

14. *Estimates of the cost burden to the Commission.* 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. *Program changes or adjustments.* The Commission notes the following changes since the previous submission consistent with recent reported data:

(a) The total annual hourly burden has been adjusted—the Commission has increased its estimate of the number respondents in 12c(2) and decreased its estimate of the number of respondents in item 12(g). This information is also reported on the Information Collection Burden Estimate Chart depicted on page 19.

(b) The total annual hourly burden is now estimated at 46,885 hours, an increase of 6,434 hours over the previous estimate of 40,451 hours. The adjustment is based on a review of the number of rate-of-return carriers who make quarterly filings. This information is also reported in item 12 and on the Information Collection Burden Estimate Chart depicted on page 19.

(c) The total number of responses annually was previously calculated incorrectly. The number of responses is now estimated at 10,849, an increase of 1,023 responses over the previous submission's estimate of 9,826 responses. This information is also reported in Item 12 and on the Information Collection Burden Chart depicted on page 19.

(d) The annual cost estimate has been adjusted by an increase of \$3,705 because the Commission increased the tariff filing fee to \$815 per year.

16. *Collections of information whose results will be published.* Non-proprietary information will likely be made publicly available although the Commission does not have specific plans for doing so at this time. Respondents may request confidential treatment of certain information filed with USAC.
17. *Display of expiration date for OMB approval of information collection.* The Commission seeks continued OMB 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 Commission's interest because we would have to destroy all of the unused forms bearing the previous expiration date or update the electronic versions each time this information collection is submitted to OMB and issued a new expiration date. This would constitute waste and would not be cost effective.
18. There are exceptions to Item 19 in the Certification Statement. The Commission published a 60 day notice in the Federal Register which reported 46,877 hours total annual burden. However, there was an error in one calculation and the total annual burden should be 46,885 hours. The Commission published a 30 day notice with the correct burden estimates.

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

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