

SUPPORTING STATEMENT

A. Justification

1. Section 201(b) of the Communications Act requires that all charges and practices in connection with communications services be just and reasonable. On May 26, 2010, the Commission released the findings of an agency survey on the consumer mobile experience. The survey indicated that 30 million Americans have experienced a sudden increase in their monthly bill that is not caused by a change in service plan, commonly referred to as “bill shock.”

On October 14, 2010, the Commission released a Notice of Proposed Rulemaking (NPRM), *Empowering Consumers to Avoid Bill Shock Consumer Information and Disclosure*, CG Docket Nos. 10-207 and 09-158, FCC 10-180, proposing rules that would require mobile service providers to provide usage alerts and information that will assist consumers in avoiding unexpected charges on their bills. In so doing, the Commission found that consumers face significant challenges in monitoring mobile usage and protecting themselves from substantial roaming and overage charges for exceeding monthly allotments of voice, text and data services. The record compiled in this proceeding and the Commission’s own complaint data indicates that large numbers of mobile consumers experience bill shock each month. This type of bill shock can be prevented by timely and easily accessible usage information. In the absence of baseline information regarding usage balances, consumers are unable to control the costs they incur for mobile services.

The proposed information collection requirements consist of:

(A) Usage Alerts. Mobile service providers must provide notification alerts, such as voice or text messages, to subscribers when:

- (1) approaching or reaching an allotted limit for voice, text, and data usage or
- (2) incurring international or roaming charges that are not covered by their monthly plans, and notification if they will be charged at higher than normal rates.

(B) Disclosure of Methods for Reviewing and Capping Usage. Mobile service providers must make clear, conspicuous, and ongoing disclosure of any tools or services they offer which allow subscribers to set usage limits or monitor usage balances, including any applicable charges for those services. This information should be made available in a manner that is accessible to and usable by consumers with disabilities, in accordance with section 716 of the Communications Act of 1934, as amended (Act), and the Commission's rules implementing sections 255 and 716 of the Act.

The statutory authority for this proposed information collection is sections 1-2, 4, 201, 258, 301, 303, 332, and 403 of the Communications Act of 1934, as amended.

2. The information collection requirements apply only to mobile service providers such as commercial mobile radio service (CMRS) providers. The notification alerts and disclosure information are provided directly to subscribers of the mobile service provider to assist them in avoiding unexpected charges on their bills. The collection of information does not contain personally identifiable information on individuals (PII).

Empowering Consumers to Avoid Bill Shock; Consumer Information and Disclosure; CG Docket Nos. 10-207 and 09-158

3. The Commission has not specified the manner in which any usage alert or disclosure information should be provided to subscribers. However, many mobile service providers will make use of automated systems to send voice, text or email messages to subscribers which will inform them that they are approaching or have reached a monthly allotment limit or are incurring international or roaming charges.
4. The information collection requirements are not duplicative of any currently existing federal regulatory obligation.
5. In the NPRM, we seek comment on the costs for small providers to implement usage alerts including whether there is a need for varying implementation schedules between the larger and smaller providers to alleviate the burden for smaller providers. In addition, we seek comment on whether the Commission should consider exempting the smaller providers from any usage alert or roaming notification requirement due to the costs such a requirement might impose on them. In reviewing the frequency of mandatory usage alerts, we seek comment on the utility of providing multiple usage alerts to the consumer against the potential burdens to the wireless providers – particularly smaller providers - who must supply them. Finally, we seek comment on the best methods to minimize costs for smaller, regional and/or rural mobile providers while ensuring their customers have access to information relating to any methods to monitor or set limits on usage offered by their service provider.
6. Section 201(b) of the Communications Act requires that all charges and practices in connection with communication services be just and reasonable. The record compiled in this proceeding indicates that mobile consumers receive inadequate usage-related information to manage the charges associated with their mobile service plans. In many cases, these charges result from consumers unknowingly exceeding a monthly allotment limit and incurring substantial overage charges. In the absence of such information, millions of American consumers that use mobile services are subject to sudden, unexpected increases in their wireless bills. The proposed requirements ensure that consumers receive timely information about their usage, such as voice or text alerts when a subscriber is approaching or begins incurring overage or roaming charges, and clear disclosure of the available tools subscribers can use to limit usage and review their usage history.
7. The Collection is not conducted in any manner that is inconsistent with the guidelines in 5 C.F.R. § 1320.
8. The Commission placed a notice in the *Federal Register* on November 26, 2010 as required by 5 C.F.R. 1320.8(d). See 75 FR 72773. To date, the Commission received no comments in response to the notice.
9. The Commission does not anticipate providing any payment or gift to any respondents.
10. The Commission is not requesting that respondents submit confidential information to the Commission.
11. This information collection does not raise any questions or issues of a sensitive nature.

12. Estimate of Hour Burden of the collection of information

Total Annual Burden Hours:	210,000
Total Number of Respondents:	1,500
Total Number of Annual Responses:	3,000
Total Annual In-House Costs:	\$13,200,600

(a) Usage alerts: The Commission has proposed that mobile service providers shall provide notification alerts, such as voice or text messages, to subscribers when: they are approaching or reach an allotted limit for voice, text, and data usage. In addition, the Commission has proposed that mobile service providers offer notifications to subscribers when they will incur international or roaming charges that are not covered by their monthly plans.

The Commission estimates that there are approximately 1,500 wireless telecommunications carriers in the United States. The Commission believes that many of these wireless telecommunications carriers will have to make some modifications to their existing billing systems to comply with the proposed requirement to offer usage alert notifications.

This process will be done “on occasion” and requires approximately 100 hours for the 1,500 respondents to adjust their current billing systems.

Annual Number of Respondents: 1,500 wireless telecommunications carriers

Annual Number of Responses: 1,500 notification alert systems

Annual Burden Hours:

1,500 respondents x 1 alert system/respondent x 100 hours = 150,000 hours

Annual In-House Cost: The Commission assumes that respondents use “in house” personnel comparable in pay to that of a mid-to-senior level federal employee (GS-13/5, plus 30% overhead); the Commission estimates each respondent’s cost to be about \$62.86 per hour to comply with the requirements:

1,500 respondents x 1 alert system/respondent x 100 hours/alert system x \$62.86/hr =
\$9,429,000

(b) Disclosure of methods for capping and reviewing usage: The Commission’s proposed rules require that mobile service providers make clear, conspicuous, and ongoing disclosure of any tools or services they offer which allow subscribers to set usage limits or monitor usage balances, including any applicable charges for those services.

The Commission estimates that there are approximately 1,500 wireless telecommunications carriers in the United States. Each of these wireless carriers will have to implement disclosure procedures to comply with this requirement.

This process will be done “on occasion” and will require approximately 40 hours annually for the 1,500 respondents to provide subscribers with information relating to the tools they offer which to either limit usage or monitor usage history.

Annual Number of Respondents: 1,500 wireless telecommunications carriers

Annual Number of Responses: 1,500 usage disclosures

Annual Burden Hours: 60,000

1,500 respondents x 1 usage disclosure/respondent x 40 hours/usage disclosure = 60,000 hours

Annual In House Cost: The Commission assumes that respondents use “in house” personnel to implement disclosure to subscribers of the methods they use to limit or check usage balances, whose pay is comparable to a federal employee GS- 13/5, plus 30% overhead. Thus, the Commission estimates respondents’ cost to be about \$62.86 per hour to comply with the requirements:

1,500 respondents x 1 usage disclosure/respondent x 40 hours/disclosure x \$62.86= **\$3,771,600**

13. The following represents the Commission’s estimate of the annual cost burden to respondents or record keepers resulting from all the foregoing collections of information.

(a) Total annualized capital/start-up costs, calculated as follows: \$10,000,000.

The Commission estimates that the annualized capital costs for mobile service providers may include the purchase of upgraded software or other capital equipment to provide usage alerts in accordance with the proposed rules, and these costs will vary widely depending upon the provider’s current notification systems; however, \$10,000,000, annualized over the expected useful life of these expenses, is not unreasonable.

(b) Total annual costs (maintenance and operation), calculated as follows: \$0.

(c) Total annualized costs requested: \$10,000,000.

14. The Commission estimates that since the Federal Government is not directly involved in the provision of usage notification alerts or information to subscribers of mobile services there will be no direct costs to bear, and any such costs should be included as part of its regulatory functions. Thus, there are no costs to the Federal Government.

15. This is a new collection of information. If the proposed information collection requirements are adopted by the Commission in a final rulemaking, program changes/increases will be added to OMB’s inventory for this collection as follows: 210,000 to the annual burden hours, 1,500 to the number of respondents, 3,000 to the annual number of responses and \$10,000,000 to the annual costs.

16. There are no plans to publish the result of the collection of information.

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

18. There are no 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.