

SUPPORTING STATEMENT

A. Justification:

1. *Circumstances that make the collection necessary.* — With this submission, the Commission requests an extension of an already approved information collection (no change in reporting and recordkeeping requirements). The format for reporting ETC burdens has been reduced to three categories for a more streamlined approach consistent with applicable rule sections identified as paras a-c.

Section 254(e) of the Act provides that “only an eligible telecommunications carrier (ETC) designated under section 214(e) shall be eligible to receive specific Federal universal service support.” Section 214(e)(2) of the Act gives state commissions the primary responsibility for performing ETC designations. Section 214(e)(6) vests the Commission with authority to designate as an ETC “a common carrier providing telephone exchange service and exchange access that is not subject to the jurisdiction of a State commission.”

The Commission’s rules for ETC designation require the collection of the following information as stated in paras. a–c, except whereby the Commission has waived information collection requirements when enforcing them would not serve the public interest.

a. *ETC Designation Application.* Rule 54.202 requires carriers seeking designation from the Commission to submit an application that certifies that the carrier will reasonably provide service to customers in their designated service area, 47 C.F.R. § 54.202(a)(1)(i), includes a five-year plan that describes network improvements or why such improvements are unnecessary, § 54.202(a)(1)(ii), demonstrates the carrier’s ability to remain functional in emergency situations, § 54.202(a)(2), demonstrates the carrier’s commitment to consumer protection and service quality standards, § 54.202(a)(3), demonstrates that carrier offers a local usage plan comparable to the one offered by the incumbent telephone company, § 54.202(a)(4), and certifies that the Commission may require the carrier to provide equal access to other long distance carriers, § 54.202(a)(5). If the carrier is seeking designation on tribal lands, the carrier must also submit a copy of its application to the tribal government and tribal regulatory authority. § 54.202(d). Note that the Commission also required all federally designated ETCs that had been designated before May 25, 2005, to submit this information by October 1, 2006. 47 C.F.R. § 54.202(b). Because all such ETCs have already complied with this requirement, this subsection does not impose an ongoing information collection obligation.

b. *ETC Annual Reporting.* Rule 54.209 requires federally designated ETCs to submit each year an annual report on October 1 that parallels many of the requirements of an application. The annual report must include a progress report on the ETC’s five-year plan, § 54.209(a)(1), detailed outage information, § 54.209(a)(2), the number of unfulfilled requests for service from potential customers within its service areas, § 54.209(a)(3), the number of complaints per 1,000 handsets or lines, § 54.209(a)(4), certification that the ETC is complying with applicable service quality standards and consumer protection rules, § 54.209(a)(5), certification that the ETC is able to function in emergency situations, § 54.209(a)(6), certification that the ETC is offering a local usage plan comparable to that offered by the incumbent local exchange carriers in the relevant service areas, § 54.209(a)(7), and certification that the Commission may require the carrier to provide equal access to other long distance carriers, § 54.209(a)(8).

c. *ETC Recordkeeping.* Rule 54.202(e) requires all ETCs to keep for a period of at least five years all records required to demonstrate to auditors that the support received was consistent with the universal service high-cost program rules.

Designation as an ETC makes a telecommunications carrier eligible to participate in the Universal Service Fund’s high-cost and low-income programs, which support the extension of

telecommunications services to underserved rural and low-income communities. In the absence of this information collection, the Commission's ability to oversee the use of federal universal service funds and to combat waste, fraud, and abuse in the use of federal funds would be compromised.

Statutory authority is contained in sections 201(b), 214(e)(6), and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 201(b), 214(e)(6), 303(r).

2. *Use of information.* — The Commission will use the information collected to ensure that each ETC satisfies its obligation under Section 214(e) of the Communications Act of 1934, as amended, to provide services supported by the universal service mechanism(s) throughout the areas for which each ETC is designated.
3. *Technological collection techniques.* — The Commission encourages ETCs to use information technology to whatever extent possible to reduce the burden of this information collection.
Respondents currently respond both with paper copies and via the Internet (Electronic Comment Filing System aka ECFS).
4. *Efforts to identify duplication.* — There is no duplication of information. The information sought is unique to each respondent and similar information is not already available.
5. *Impact on small entities.* — The collections of information may affect small entities as well as large entities. The Commission has limited the information requirements to those necessary for the purposes for which the information will be used and we expect respondents to use information technology and standardized practices to minimize the time necessary to comply with these requirements.
6. *Consequences if information is not collected.* — Without the requested information, the Commission would be unable to determine whether each ETC satisfies its obligation under Section 214(e) of the Communications Act of 1934, as amended, to provide services supported by the universal service mechanism(s) throughout the areas for which each ETC is designated.
7. *Special circumstances.* — Respondents may seek to withhold their responses from public inspection. The Commission's rules contain procedures to protect information that respondents claim to be confidential. See 47 C.F.R. § 0.459. Carriers seeking proprietary treatment for some data are required to submit two additional copies of the submission containing the confidential data. These confidential copies are filed with the Wireline Competition Bureau's Telecommunications Access Policy Division.
Carriers are required to file in accordance with Commission rules, 47 C.F.R. § 1.419, which requires an original and 4 copies. Carriers filing electronically need only make one submission. In order to provide for the most timely review of these applications, applicants are required to file 3 copies of their petitions directly with the Telecommunications Access Policy Division. In addition, one computer-readable copy and one paper copy are filed with the Commission's commercial duplicating and research contractor. These multiple copies are necessary to make the information available to the public and to Commission staff.
8. *Federal Register notice; efforts to consult with persons outside the Commission.* — Pursuant to 5 CFR Section 1320.8(d), the Commission published a notice in the *Federal Register* to solicit public comment on May 26, 2011, see 76 FR 30713. The Commission received no comments.
9. *Payments or gifts to respondents.* — The Commission will not pay or provide any payment or gift to respondents for complying with this information collection.
10. *Assurances of confidentiality.* — Pursuant to 47 C.F.R. § 0.459, a respondent may request that information submitted to the Commission not be put in the public record. The respondent must state

the reasons, and the facts on which those reasons are based for withholding the information from the public record. The Chief of the Wireline Competition Bureau may grant a confidentiality request that presents, by a preponderance of the evidence, a case for non-disclosure consistent with the Freedom of Information Act, 5 U.S.C. § 552. If a confidentiality request is denied, the respondent has five days to appeal the decision before the Commission. If the appeal before the Commission is denied, the respondent has five days to seek a judicial stay.

11. *Questions of a sensitive nature.* — This information collection does not address any private matters of a sensitive nature.
12. *Estimates of the hourly burden of the collection to respondents filing.* — We estimate that 45 entities currently are federally designated ETCs. We estimate that about 8 new entities will apply for federal designation each year. We estimate that there are approximately 1,300 ETCs today. We estimate that about 80 new entities will apply for ETC designation each year.
 - a. *ETC Designation Application.* We expect that each applicant will already have many of the plans and systems in place to report the information collected here, including a network improvement plan. We expect 8 respondents each year. We estimate that the average ETC will require 40 hours to complete the information collections required for its application, including gathering data from existing systems to provide the data needed for the annual report. We estimate that ETCs will use technical writers and analysts with an hourly cost of \$37.54 x 30% overhead costs, equivalent to the salary of a GS-12 Step 10 federal employee.

Note: Not every federally designated ETC must comply with every information collection requirement because the Commission has waived information collections when enforcing them would not serve the public interest. For example, the Commission does not require wireless resellers that rely on the facilities of other carriers and that participate in only the low-income program to submit five-year plans. Nevertheless, our calculations presuppose that all federally designated ETCs must comply with all requirements because the overall effect on the burden of this information collection is minimal.

Estimates of the hour burden of the collection to respondents filing:

- (1) Number of respondents: 8
- (2) Frequency of response: Annually
- (3) Total Number of Responses Annually: 8
- (4) Total Annual Costs: 40 hours

The Commission estimates that the average ETC will require 40 hours to complete the information collections required for its application, including gathering data from existing systems to provide the data needed for the annual report.

8 ETCs x 40 hours = 320 hours.

- (5) Total “In House” Costs: \$15,616 annually

The Commission estimates that ETCs will use staff equivalent to a GS-14/Step 5 (\$57.33/hour) Federal employee, plus 30% overhead, to comply with new annual application requirements.

320 hours x \$37.54/hour = \$12,012

30% overhead = \$3,604

Total: \$15,616

b. *ETC Annual Reporting.* We expect that each federally designated ETC will use its initial application as a blueprint for its annual report. We expect that each ETC will already have systems in place to track and report much of the information collected here, including a system to track outages and customer complaints and a system for network planning and progress tracking. We expect 53 respondents in 2012, 61 respondents in 2013, and 69 respondents in 2014, thus we used 61 as our total estimated number of respondents. We estimate that the average ETC will require 11 hours to comply with its annual reporting requirements, including gathering data from existing systems to provide the data needed for the annual report. We estimate that ETCs will use technical writers and analysts with an hourly cost of \$37.54 x 30% overhead costs, equivalent to the salary of a GS-12 Step 10 federal employee.

Note: Not every federally designated ETC must comply with every information collection requirement because the Commission has waived information collections when enforcing them would not serve the public interest. For example, the Commission does not require wireless resellers that rely on the facilities of other carriers and that participate in only the low-income program to submit reports progress on the ETC's five-year plan. Nevertheless, our calculations presuppose that all federally designated ETCs must comply with all requirements because the overall effect on the burden of this information collection is minimal.

Estimates of the hour burden of the collection to respondents:

- (1) Number of respondents: 61 respondents
- (2) Frequency of response: Annually
- (3) Total Number of Responses Annually: 61 responses
- (5) Total Annual Costs: 11 hours

The Commission estimates that the average ETC will require 11 hours to complete the information collections required for its application, including gathering data from existing systems to provide the data needed for the annual report.

61 ETCs x 11 hours = 671 hours.

- (5) Total "In House" Costs: \$32,745 annually

The Commission estimates that ETCs will use staff equivalent to a GS-14/Step 5 (\$57.33/hour) Federal employee, plus 30% overhead, to comply with annual reporting requirements.

671 hours x \$37.54/hour = \$25,188

30% overhead = \$7557

Total: \$32,745

c. *ETC Recordkeeping.* We expect that all ETCs will already have recordkeeping procedures in place and that the additional recordkeeping imposed by this information collection will be minimal. We expect 1,380 respondents in 2012, 1,460 respondents in 2013, and 1,540 respondents in 2014. Thus, we used 1,460 as the total estimated number of respondents. We estimate that the average ETC will require 0.25 hours to comply with its annual reporting requirements, including gathering data from existing systems to provide the data needed for the annual report. We estimate that ETCs will use record clerks with an hourly cost of \$24.10 x 30% overhead costs, equivalent to the salary of a GS-7 Step 5 federal employee.

Estimates of the hour burden of the collection to respondents filing:

- (1) Number of respondents: 1,460 respondents

(2) Frequency of response: Annually

(3) Total Number of Responses Annually: 1,460

(6) Total Annual Costs: 0.25 hours

The Commission estimates that the average ETC will require 40 hours to complete the information collections required for its application, including gathering data from existing systems to provide the data needed for the annual report.

1460 ETCs x 0.25 hours = 365 hours.

(5) Total "In House" Costs: \$8797 annually

The Commission estimates that ETCs will use staff equivalent to a GS-7/Step 5 (\$24.10/hour) Federal employee, plus 30% overhead to comply with annual recordkeeping requirements.

365 hours x \$37.54/hour = \$13,505

30% overhead = \$3,604

Total: \$15,616

Overall, as a result of this information collection, the Commission estimates the following:

TOTAL NUMBER OF RESPONDENTS = 1,529 (8 + 61 + 1,460).

TOTAL NUMBER OF ANNUAL RESPONSES = 1,529 (8 + 61 + 1,460).

TOTAL NUMBER OF ANNUAL BURDEN HOURS = 1,356 (320 + 583 + 345).

TOTAL "IN HOUSE" COSTS = \$57,158 (15,616 +32,745 + 8,797).

13. *Estimates of the cost burden of the collection to respondents.* — None.

14. *Estimates of the cost burden to the Commission.* — There will be few, if any additional costs to the Commission, however, because oversight and enforcement requirements are already part of Commission duties. Moreover, there will be minimal cost to the Federal government since an outside party administers the program.

15. *Program changes or adjustments.* — Total annual burden under this control number is estimated at 1,356 hours per year which is an increase of 988 hours. The adjusted increase is due to an increase in the number of respondents. Additionally, the ETC designation requirement was identified in previous submissions to the OMB; however, the actual burden estimate was never quantified and accounted for separately from the annual reporting requirements. With this submission we have done so, thereby increasing the total annual burden hours.

16. *Collections of information whose results will be published.* — The information collected will not be published for statistical use.

17. *Display of expiration date for OMB approval of information collection.* — The information collection does not include any Commission forms; consequently, the Commission has no reason to seek approval to avoid displaying the expiration date on forms for OMB approval.

18. *Exceptions to the certification statement for Paperwork Reduction Act submissions (Item 19 of OMB Form 83-I).* — The Commission notes that when the 60 day notice was published, the delegated letterhead was not used; this collection will be submitted under delegated authority.

There are no other exceptions to the Certification Statement in Item 19.

B. Collections of Information Employing Statistical Methods:

The information collection does not employ any statistical methods.