SUPPORTING STATEMENT

A. Justification

1. Under section 201(b) of the Communications Act, the charges, practices, and classifications of common carriers must be just and reasonable. The Commission believes that the consumer's bill is an integral part of the relationship between a carrier and its customer. The manner in which charges are identified and articulated on the bill is essential to the consumer's understanding of the services that have been sought or rendered, such that a carrier's provision of misleading or deceptive billing information is an unjust and unreasonable practice in violation of section 201(b).

Background:

In 1998, the Commission initiated a proceeding to help provide consumers with the information they need to make informed choices in a competitive telecommunications marketplace. In *Truthin-Billing and Billing Format*, CC Docket No. 98-170, Notice of Proposed Rulemaking, 13 FCC Rcd 18176 (1998) (1998 NPRM), published at 63 FR 55077 (Oct. 14, 1998), the Commission:

- (1) sought comment on how to ensure that consumers receive thorough, accurate, and understandable bills from their telecommunications carriers, whether they are providing local or interexchange wireline services, or commercial mobile radio wireless services; and
- (2) asked for specific input on issues such as organization of the bill, full and non-misleading descriptions, and provision of information to enable consumers to make inquiries or complaints regarding their bills.

In the ensuing *Truth-in-Billing and Billing Format*, CC Docket No. 98-170, First Report and Order and Further Notice of Proposed Rulemaking, 14 FCC Rcd 7492 (1999) (1999 *TIB Order*), published at 64 FR 34488 (June 25, 1999), the Commission adopted principles and guidelines designed to advance the goals and address the issues on which the Commission sought comment in the *1998 NPRM*. These principles and guidelines also are designed to reduce telecommunications fraud, such as slamming and cramming, by making bills easier for consumers to read and understand, and thereby, making such fraud easier to detect and report.

The Commission adopted rules to apply to all telecommunications common carriers, as follows:

- (1) The name of the service provider associated with each charge must be clearly identified on the bill; and
- (2) Each bill must prominently display a telephone number that customers may call free-of-charge in order to inquire about or dispute any charge contained on the bill.

The Commission also adopted other rules, such as a requirement that bills contain full and non-misleading descriptions of charges that appear therein. The Commission initially applied this rule only to wireline carriers, but solicited comment on whether it and other rules also should apply to wireless carriers.

In *Truth-in-Billing and Billing Format*, CC Docket No. 98-170, Order on Reconsideration, 15 FCC Rcd 6023 (2000) (*2000 Reconsideration Order*), published at 65 FR 43251 (July 13, 2000), the Commission:

- (1) Granted in part petitions for reconsideration of the requirements that bills highlight new service providers and prominently display inquiry contact numbers; and
- (2) Denied the petitions in all other respects, but provided clarification with respect to certain issues.

In *Truth-in-Billing and Billing Format; National Association of State Utility Consumer Advocates' Petition for Declaratory Ruling Regarding Truth-in-Billing*, CC Docket No. 98-170, CG Docket No. 04-208, Second Report and Order, Declaratory Ruling, 20 FCC Rcd 6448 (2005) (2005 Second Report and Order), published at 70 FR 29979 (May 25, 2005) the Commission determined that Commercial Mobile Radio Service (CMRS) providers no longer should be exempted from 47 C.F.R § 64.2401(b), which requires billing descriptions to be brief, clear, non-misleading and in plain language.

In association with the *2005 Second Report and Order*, the Commission released a Second Further Notice of Proposed Rulemaking (*2005 Second Further Notice*), published at 70 FR 30044 (May 25, 2005), in which the Commission proposed and sought comment on measures to facilitate the ability of consumers to make informed choices among competitive telecommunications service providers.

Existing (final rules) information collection requirements consist of:

- (a) <u>Clear identification of service providers</u>. Wireline and wireless bills must clearly identify the name of the service provider associated with each charge.¹ In the *2000 Reconsideration Order*, the Commission clarified that, where an entity bundles a number of services as a single package offered by a single company, such offering may be listed on the bill as a single offering, rather than listed as separate charges by provider:
 - (1) Carriers providing bundled services in this manner must, however, make sure that an inquiry contact number or numbers appears on the bill for customer questions or complaints concerning the services provided through the bundle.²
 - (2) The Commission also clarified that the carrier name on the bill should be the name by which such company is known to its consumers for the provision of the respective service.³

¹ 47 C.F.R. § 64.2401(a).

² 47 C.F.R. § 64.2401(d).

³ 47 C.F.R. § 64.2401(a) and (d).

- (b) <u>Separation of charges by service provider and highlighting new service provider information</u>. In the *1999 TIB Order*, the Commission required that all bills containing wireline common carrier service:
 - (1) Separate charges by service provider, and
 - (2) Clearly and conspicuously show any change in service providers:
 - (a) By identifying all service providers that did not bill for services on the previous billing statement; and
 - (b) Where applicable, by describing any new presubscribed or continuing relationship with the customer.

In the 2000 Reconsideration Order:

- (1) The Commission modified its rule that requires carriers to highlight any new service providers. As a result, the identification requirements only apply to providers that have a continuing arrangement with the subscriber that results in periodic charges on the subscriber's bill.
- (2) This change ensures that services billed solely on a per-transaction basis, such as operator service and directory assistance, are not subject to the highlighting requirement.
- (c) Full and non-misleading bill charges. The 1999 TIB Order required that:
 - (1) Bills for wireline service include for each charge a brief, clear, plain-language description of the services rendered:⁴ and
 - (2) When a bill for local wireline service contains additional carrier charges, the bill must differentiate between those charges for which non-payment could result in termination of local telephone service and those for which it could not.⁵
- (d) Clear and Conspicuous Disclosure of Inquiry Contacts. The 1999 TIB Order required that:
 - (1) All wireline and wireless bills display a toll-free number or numbers by which consumers may inquire about or dispute any charge on the bill.
 - (2) The toll-free number(s) must be displayed in a manner that permits a customer to identify easily the appropriate number to use to inquire about a particular charge.⁶

In the 2000 Reconsideration Order:

⁴ 47 C.F.R. § 64.2401(b). This requirement was extended to wireless carriers in the 2005 Second Report and Order.

⁵ 47 C.F.R. § 64.2401(c).

⁶ 47 C.F.R. § 64.2401(d).

- (1) The Commission modified the "toll-free number" requirement by creating a limited exception in circumstances in which the customer does not receive a paper copy of his or her bill, but instead accesses that bill only by e-mail or the internet.
- (2) The Commission notes that any carrier may provide on customers' bills other means for consumers to make inquiries, such as an e-mail address, in addition to the toll-free number.⁷

In the *2005 Second Report and Order*, the Commission removed the existing exemption for CMRS carriers from 47 C.F.R. § 64.2401(b), requiring that billing descriptions be brief, clear, non-misleading and in plain language. The Commission determined that making the requirements of 47 C.F.R. § 64.2401(b) mandatory for CMRS carriers will help to ensure that wireless consumers receive the information that they require to make informed decisions in a competitive marketplace.

Existing (proposed rules) information collection requirements consist of:

- (a) <u>Separation of government mandated charges from other charges</u>. In the *2005 Second Further Notice*:
 - (1) The Commission tentatively concluded that where carriers choose to list charges in separate line items on their customers' bills, government mandated charges must be placed in a section of the bill separate from all other charges. This potentially could increase the total annual hourly and cost burdens.
 - (2) The Commission also sought comment on whether such categories of charges should be subject to imperative national uniformity.
- (b) <u>Combination of federal regulatory charges into a single line item</u>. In the *2005 Second Further Notice*, the Commission sought comment on whether it is unreasonable under section 201(b) of the Act for carriers to combine federal regulatory charges into a single line item. (If adopted, the total annual hourly and cost burdens may increase to the extent that it would require separate line items for some charges that may have been combined previously.)
- (c) "Point of sale" rate disclosures. In the 2005 Second Further Notice:
 - (1) The Commission tentatively concluded that carriers must disclose the full rate, including any non-mandated line items and a reasonable estimate of government mandated surcharges, to the consumer at the "point of sale," and that such disclosure must occur **before** the customer signs any contract for the carrier's services.
 - (2) The Commission also sought comment on whether provisions of settlement agreements between Attorneys General from 32 states and three wireless carriers:
 - (a) Establish an appropriate framework for any point of sale disclosure rules that the Commission may adopt; and, if not,

⁷ *Id*.

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⁸ The "point of sale" is the medium through which the carrier has direct contact with a consumer about becoming a customer. Such contact may occur, for instance, via the internet, via telephone, or in-person.

(b) How the terms of the settlement agreements should be amended, or why the Commission should refrain from codifying these provisions in the first place, either of which potentially would increase the total annual hourly burden.

The Commission is requesting an extension of this information collection in order to receive the full three year approval/clearance for this collection.

This information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

The statutory authority for this information collection is found at section 201(b) of the Communications Act of 1934, as amended, 47 U.S.C. § 201(b), and section 258, 47 U.S.C. 258, Public Law No. 104-104, 110 Stat. 56. The Commission's implementing rules are codified at 47 C.F.R. §§ 64.2400-01.

- 2. The data generated by the information collections will be used by consumers:
 - (a) To help them understand what wireline and wireless carriers charge for various services;
 - (b) To help them choose among competing providers;
 - (c) To protect themselves against fraud; and
 - (d) To help them to resolve billing disputes if they wish.
- 3. The Commission, in the *2000 Reconsideration Order*, modified its requirement on using a paper copy of a customer's bill, by creating a limited exception in which the customer does not receive a paper copy of his or her bill, but instead accesses that bill only by e-mail or internet:
 - (a) Under such circumstances, the Commission found it reasonable to expect that customers can adequately resolve their inquiries and disputes through e-mail or Web site communications.
 - (b) The Commission notes that any carrier may provide on customers' bills other means for consumers to make inquiries, such as an e-mail address, in addition to the toll-free number as required by 47 C.F.R § 64.2401(d).
 - (c) Thus, the Commission allows telephone companies and CMRS providers to use electronic collection techniques, *i.e.*, Internet, e-mail, and telephone toll-free numbers, to comply with these information collection requirements, and by this change in its rules, respondent wireless carriers also may use such electronic collection techniques.
- 4. The information collection requirements are not duplicative of any existing federal regulatory obligation.
- 5. There will not be a significant impact on a substantial number of small businesses/entities by this information being collected.

- 6. Without these information collection requirements, consumers will continue to be confused and frustrated while reading their bills and when seeking service. They will continue to experience difficulty in detecting fraud, comparing carrier rates, and in resolving billing disputes. Thus, the number of consumer complaints to the Commission with respect to these issues will continue to increase.
- 7. No special circumstances exist that would cause this collection to be conducted in any manner that is inconsistent with the guidelines in 5 C.F.R. § 1320.
- 8. Pursuant to 5 C.F.R. §1320.8(d), the Commission published a 60 day *Federal Register* notice on May 23, 2011 (76 FR 29749), seeking comments from the public on the information collection requirements contained in this supporting statement. No comments were received following publication of this 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 for respondents.
- 12. The Commission adjusts the existing final and proposed information collection requirements since the burdens were last approved by OMB on September 29, 208. The adjustments to the burden hours for the existing final and proposed information collection requirements are due to a decrease in the number of respondents which is now 4,484 respondents (wireline and wireless carriers). This is due to the Commission adjusting its estimates of respondents to account for the most recent Trends in Telephone Service Report data, released (*September 2010*).

Existing (Final Rules) Information Collection Requirements:

4,484 respondents are subject to **a**, **c**, and **d**. Out of the 4,484 respondents, 3,773 respondents are subject to **b**.

a. Clear identification of service providers:

The Commission estimates that there will be approximately 4,484 respondents who will be subject to the Commission's clarification that where an entity bundles a number of services as a single package offered by a single company, such offering may be listed on the bill as a single offering, and the entity need not list separately the provider or charge for each service that is part of the bundle.

Each respondent will clarify that the name on the bill is the name by which the respondent's company is known to its customers. The Commission views this requirement as being one response per respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimate, however, accounts for the time involved in replicating the information on numerous bills. This process is done "on occasion" and will require approximately 5 hours:

Annual Number of Responses: 4,484

Annual Burden Hours:

4,484 respondents x 5 hours = **22,420** hours

Annual "In-House" Costs:

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:

4,484 respondents x 5 hours x \$62.86 = **\$1,409,321.20**

b. <u>Separation of charges by service provider and highlighting new service provider information:</u>

The Commission estimates that approximately 3,773 respondents, that are wireline providers that have a continuing arrangement with the subscriber that results in periodic charges on the subscriber's bill, will highlight new service providers. The Commission views this requirement as being one response per respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimate, however, accounts for the time involved in replicating the information on numerous bills. This process is done "on occasion" and will require approximately 230 hours.

Annual Number of Responses: 3,773

Annual Burden Hours:

3,773 respondent x 230 hours = **867,790 hours**_

Annual In-House Costs:

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:

3,773 respondents x 230 hours x \$62.86 = **\$54,549,279.40**

c. Full and non-misleading billed charges:

The Commission estimates that approximately 4,484 respondents (wireless and wireline carriers) will issue bills to their customers.

(1) Each charge in the customer's bill will include a brief, clear, plain-language description of the services rendered.

(2) Wireline respondents will distinguish on each of their customers' bills those charges that the customer may refuse to pay without jeopardizing the provision of local telephone service, and those charges for which non-payment may result in the customer's local telephone service disconnection.

The Commission estimates that 3,453 wireline respondents must comply with (1) and (2), and that this will require approximately 50 hours per response (2 responses x 50 hours = 100 total hours). In addition, 1,031 wireless respondents must comply with (1), and this will require approximately 50 hours per response.

Annual Burden Hours:

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3,453 respondents x 2 responses/respondent x 50 hours = 345,300 hours 1,031 respondents x 1 response/respondent x 50 hours = 51,550 hours 396,850 hours
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The Commission views these requirements as being two responses for each wireline respondent, and one response per wireless respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimate, however, accounts for the time involved in replicating the information on numerous bills.

Annual Number of Responses:

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3,453 respondents x 2 responses = 6,906 responses
1,031 respondents x 1 response = 1,031 responses
7,937 responses
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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:

Annual "In-House" Costs:

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3,453 respondents x 2 responses/respondent x 50 hours x $62.86 = $21,705,558.00 1,031 respondents x 1 response/respondent x 50 hours x $62.86 = $3,240,433.00 $24,945,991.00
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d. Clear and conspicuous disclosure of inquiry contacts:

The Commission estimates that approximately 4,484 respondents will place on bills contact information for consumers to inquire about or dispute any charge on the bills. The Commission views this requirement as being one response per respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimate, however, accounts for the time involved in replicating the information on numerous bills. This process will be done "on occasion" and will require approximately 2 hours:

Annual Number of Responses: 4,484

Annual Hour Burdens:

4,484 respondents x 2 hours = **8,968 hours**

Annual "In-House" Costs:

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:

4,484 respondents x 2 hours x \$62.86 = **\$563,728.48**

Carriers' Obligation To Highlight New Service Providers And Prominently Display Inquiry Contact Numbers	Estimated Number Of Wireline/Wireless Carriers (Respondents) To Comply (# Of Responses)	Estimate Of Hours To Meet Requirement	Annual Hourly Burdens	Hourly "In- House" Cost	Total "In-House" Cost
a. Clear identification of service providers	4,484 (4,484 responses)	5	22,420	\$62.86	\$1,409,321.20
b. Separation of charges by services providers and highlighting new service provider information	3,773 (3,773 responses)	230	867,790	\$62.86	\$54,549,278.40
c. Full and non-misleading billed charges	4,484 (7,937 responses)	100 (wireline) 50 (wireless)	396,850	\$62.86	\$24,945,991.00
d. Clear and conspicuous disclosure of inquiry contacts	4,484 (4,484 responses)	2	8,968	\$62.86	\$563,728.48
TOTAL	Respondents – 4,484/Responses- 20,678		1,296,028		\$81,468,319.08

Total Number of Annual Respondents: 4,484

Total Number of Annual Responses: 20,678

Total Annual Burden Hours: 1,296,028 Hours

Total Annual "In-House" Costs: \$81,468,319.08

Existing (Proposed Rules) Information Collection Requirements:

In the 2005 Second Further Notice, the Commission sought comment on what the pragmatic considerations are in assessing whether the Commission should require

standardized labeling of categories of charges. What would be the monetary costs of such a requirement?

- (a) The Commission encouraged commenters to address this issue with utmost specificity, such as:
 - (i) Data on how many bills they generate per month,
 - (ii) A description of what billing systems would have to be changed, and
 - (iii) What the estimated costs of such changes would be for the number of bills they generate.
- (b) The Commission particularly sought comment on the nature of the economic impact of such a requirement on small entities, and whether the proposed requirement should be applied to them in any manner different from its application to entities that do not qualify as small entities.
- (c) The Commission also welcomed comment on a comparison of such costs with current costs of compliance with any state-specific billing category labeling requirements.

In addition:

As noted in the *2005 Second Further Notice*, the Commission has tentatively concluded that carriers' bills should separate government mandated charges from other charges, where the carrier chooses to separate its charges into line items; and that point of sale rate disclosures are warranted. These conclusions are consistent with relevant provisions of settlement agreements between Attorneys General from 32 states and three large wireless carriers.

The Commission has not reduced its burden estimates to account for the possibility that these carriers already have implemented these requirements or practices similar to them. However, the Commission notes that such pre-existing implementation may reduce its estimates of the burdens of compliance.

a. <u>Separation of government-mandated charges from other charges</u>:

The Commission estimates that there will be approximately 4,484 wireline and wireless (respondents) who will choose to list charges in separate line items on their customers' bills, and thereby place government-mandated charges in a section of the bill separate from all other charges.

The Commission views this requirement as being one response per respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimate, however, accounts for the time involved in replicating the information on numerous bills. This process will be done "on occasion" and will require approximately 49 hours.

Annual Number of Responses: 4,484

Annual Hour Burdens:

4,484 respondents x 49 hours = **219,716 hours**

Annual "In-House" Costs:

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:

4,484 respondents x 49 hours x \$62.86 = **\$13,811,347.76**

b. <u>Combination of federal regulatory charges into a single line item:</u>

The Commission estimates that approximately 4,484 respondents will put separate line items on their bills for separate federal regulatory charges.

The Commission views this requirement as being one response per respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimate, however, accounts for the time involved in replicating the information on numerous bills. This process will be done "on occasion" and will require approximately 148 hours.

Annual Number of Responses: 4,484

Annual Hour Burdens:

4,484 respondents x 148 hours = **663,632 hours**

Annual "In-House" Costs:

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:

4,484 respondents x 148 hours x \$62.86 = **\$41,715,907.52**

c. Point of sale rate disclosures:

The Commission estimates that approximately 4,484 respondents will disclose the full rate, including any non-mandated line items and a reasonable estimate of government mandated surcharges, to the consumer at the point of sale.

The Commission views this requirement as being one response per respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimate, however, accounts for the time involved in replicating the information on numerous bills. This process will be done "on occasion" and will require approximately 243 hours.

Annual Number of Responses: 4,484

Annual Hour Burdens:

4,484 respondents x 243 hours = **1,089,612 hours**

Annual "In-House" Costs:

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:

4,484 respondents x 243 hours x \$62.86 = **\$68,493,010.32**

Wireline/Wireless Carriers' Measures To Facilitate The Ability Of Consumers To Make Informed Choices Among Competitive Telecommunications Service Offerings	Estimated Number Of Wireline/Wireless Carriers (Respondents) To Comply – (# Of Responses)	Estimate Of Hours To Meet Requirement	Annual Hourly Burdens	Hourly "In- House" Cost	Total "In-House" Cost
a. Separation of government mandated charges from other charges	4,484 (4,484 responses)	49	219,716	\$62.86	\$13,811,347.76
b. Combination of federal regulatory charges into a single line item	4,484 (4,484 responses)	148	663,632	\$62.86	\$41,715,907.52
c. Point of sale rate disclosures	4,484 (4,484 responses)	243	1,089,612	\$62.86	\$68,493,010.32
TOTAL	Respondents -4,484/Responses- 13,452		1,972,960		\$124,020,265.60

Total Number of Respondents: 4,484

Total Number of Responses: 13,452

Total Annual Burden Hours: 1,972,960

Total Annual "In House" Costs: \$124,020,265.60

Cumulative Totals:

Cumulative Total Number of Respondents: 4,484 Cumulative Total Number of Responses: 34,130

Cumulative Total of Annual Burden Hours: 3,268,988

Cumulative Total Annual "In-House" Costs: \$205,488,584.68

13. The following represents the Commission's estimate of annual cost burden to respondents resulting from the collections of information:

(a) Total annualized capital/start-up costs: \$15,418,200.00

The Commission estimates that the annualized capital costs for the wireline and wireless carriers will include the purchase of upgraded software or other capital equipment on an annual basis to organize the bills in accordance with the Commission's rules, and these costs will vary widely depending upon the carrier's current billing system; however, \$15,418,200, annualized over the expected useful life of these expenses, is not unreasonable.

- (b) Total annual costs (operations and maintenance): \$0.00.
- (c) Total annualized costs requested: \$15,418,200.00.
- 14. Estimates of annualized cost to the Federal Government are as follows:

The Commission estimates that since the Federal Government is only involved under the "third party disclosure requirements," it will have no direct costs to bear, and any such costs should be included as part of its regulatory functions. Thus, there are not costs to the Federal Government.

- 15. The Commission has re-evaluated the assessment of the burdens for this information collection and determined there has been:
 - (a) a decrease in the number of annual respondents of **-1,104** respondents, from 5,588 respondents to 4,484 respondents; a decrease in the annual number of responses of **-7,728** responses, from 41,858 responses to 34,130 responses; and a decrease in annual hours of **-603,888** hours, from 3,872,876 hours to 3,268,988 hours.

With this submission, the Commission really examined and evaluated the numbers that were accounted for in this supporting statement. Therefore, the Commission used more concrete and précised numbers based on the Commission's *September 2010 Trends in Telephone Report*. The decrease in the annual burden hours is due to the decrease in the number of annual respondents to this information collection.

- 16. The Commission does not plan to publish the results of the information collection requirements.
- 17. The Commission does not intend to seek approval not to display the expiration date for OMB approval of the information collection.

18. There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

The information collection does not employ any statistical methods.