

SUPPORTING STATEMENT

A. Justification:

1. Cable operators file FCC Form 1205 to calculate costs associated with regulated equipment and installation for the basic service tier and the maximum permitted charges for such equipment and installations and to comply with 47 CFR Section 76.923(m). FCC Form 1205 filings are reviewed by local franchising authorities (LFAs) (or the Commission where it is certified to regulate basic tier services on behalf of local franchising authorities). Section 76.923(m) states that cable operators shall maintain adequate documentation to demonstrate that charges for the sale and lease of equipment and for installations have been developed in accordance with the Commission's rules.

The sunset of cable programming service tier (CPST) rate regulation that became effective March 31, 1999 pursuant to the Telecommunications Act of 1996 generally eliminates the requirement for regulated cable systems to file FCC Form 1205 with the Commission. However, LFAs continue to maintain jurisdiction over basic service tier (BST) rate regulation in their respective franchise areas. Therefore, FCC Form 1205 continues to be filed with LFAs that are certified to regulate BST rates. Also, since the sunset of CPST rate regulation does not impact existing recordkeeping or disclosure requirements, the Section 96.923(m) recordkeeping requirement that is also accounted for in this collection remains intact.

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

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

Statutory authority for this collection of information is contained in Section 301(j) of the Telecommunications Act of 1996 and 623(a)(7) of the Communications Act of 1934, as amended.

2. Information derived from FCC Form 1205 filings is used to facilitate the review of equipment and installation rates. This information is reviewed by LFAs for each cable system. Cable operators must keep records, as required by Section 76.923, to demonstrate that charges for the sale and lease of equipment and for installation have been developed in accordance with the Commission's rules.

3. Electronic versions of FCC Form 1205 are available to filers on the Commission's Internet web site. We believe that virtually all cable operators use this method to obtain FCC Form 1205. However, the Commission also allows cable operators to call or write and request paper copies of FCC Form 1205. As to the method of filing, the cable operators file the form in the manner required by their respective LFA.

4. The Commission does not impose similar information collection requirements on cable system operators.
5. This collection does not have a significant impact on small businesses or other entities.
6. If the Commission were not permitted to implement the FCC Form 1205 filing requirement or the Section 76.923(m) recordkeeping requirement, the Commission would not be in compliance with the Cable Consumer Protection and Competition Act of 1992 or the Telecommunications Act of 1996.
7. There are no special circumstances associated with this collection.
8. The Commission published a Notice (76 FR 60030) in the *Federal Register* on September 28, 2011 seeking comments from the public on the information collection requirements contained in this supporting statement. No comments were received from the public.
9. There are no payments or gifts given to respondents.
10. There is no need for confidentiality with this collection of information.
11. This information collection does not address any private matters of a sensitive nature.
12. We report the following public burden:

| <u>Number of Respondents</u> | <u>Number of Filings/ Responses</u> | <u>Total Number of Responses/ Records Kept</u> | <u>Respondent's Burden Hours</u> | <u>Total Annual Burden Hours</u> | <u>Hrly. In-House Cost</u> | <u>Total Annual In-House Cost</u> |
|--|-------------------------------------|--|----------------------------------|----------------------------------|----------------------------|-----------------------------------|
| 1,500 | 1 | 1,500 ¹ | 12 | 18,000 | \$48.08 | \$ 865,440.00 |
| 500 | 1 | 500 ² | 4 | 2,000 | \$48.08 | \$ 96,160.00 |
| <u>2,000</u> | 1 | 2,000 ³ | 12 | 24,000 | \$48.08 | \$1,153,920.00 |
| | | <u>2,000⁴</u> | 4 | <u>8,000</u> | \$48.08 | <u>\$ 384,640.00</u> |
| 4,000 (operators/ LFAs) | | 6,000 (responses) | | 52,000 hours | | \$2,500,160.00 |

¹ These 1,500 applications are completed by cable operators who complete applications without outside assistance/contractors.

² These 500 applications represent filings that require cable operators (respondents) to coordinate information with outside accounting and legal contractors which in turn will allow the contractors to prepare the applications/filings for the cable operators.

³ These 2,000 applications represent filings reviewed by the LFA.

⁴ We estimate that approximately 2,000 cable operators' accounting systems are impacted by the Section 76.923 requirements and that the average annual recordkeeping burden on these entities is 4 hours per entity.

Total Annual Number of Respondents: 4,000 Cable Operators and LFAs

Total Annual Number of Responses: 6,000 FCC Form 1205

Total Annual Burden Hours: 52,000 hours

Total Annual "In-house" Cost: \$2,500,160

13. **Annual Cost Burden:** We estimate that cable operators (500) that choose to outsource their FCC Form 1205 filing obligations will pay outside assistance at an average rate of \$300 per hour with each filing requiring 12 hours of work.

a. Total capital and start-up costs: **None**

b. Total operation and maintenance costs:
500 FCC Form 1205 filings x \$300/hour x 12 hours per filing = **\$1,800,000**

c. Total Annual Costs: **\$1,800,000**

14. There is no cost to the Federal Government.

15. There are no program changes to this information collection. There are adjustments of \$900,000 to the annual costs. These adjustments are due to increases in consulting fees.

16. The information is not published for statistical use.

17. We request an extension of the waiver allowing us not to publish the expiration date on the form. This will obviate the need for the Commission to update this electronic form upon extension of OMB clearance. OMB approval of the expiration date of the information collection will be displayed at 47 CFR Section 0.408.

18. There are no exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods:

No statistical methods are employed.