

SUPPORTING STATEMENT

This revision to 3060-0986 is being submitted to obtain OMB approval for new information collection requirements as a result of a most recent order explained below, and simultaneously, to reduce the number of collections, delete the recordkeeping requirements from 3060-0774 and 3060-1081, and voluntarily discontinue collection 3060-0894 to avoid duplication of certification requirements pursuant to Section 254(e) of the Act contained in this information collection (3060-0986).

A. Justification:

1. *Circumstances that make the collection necessary.* Under OMB Control Number 3060-0986, the Commission is revising the information collections that are used to determine the amount of, and eligibility for, high-cost universal service support received by incumbent and competitive eligible telecommunications carriers (ETCs). See below for the revisions now being proposed to this information collection.

The Communications Act of 1934, as amended (the Act) requires the “preservation and advancement of universal service.” The information collections reported under this control number are the result of various Commission actions to promote the Act’s universal service goals, while minimizing waste, fraud, and abuse.

In November 2011, the Commission adopted an order reforming its high-cost universal service support mechanisms. *Connect America Fund; A National Broadband Plan for Our Future; Establish Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109; GN Docket No. 09-51; CC Docket Nos. 01-92, 96-45; WT Docket No. 10-208, FCC 11-161. This revision addresses several reforms adopted in the order. The Commission plans to submit additional revisions or new collections for OMB review to address other reforms adopted in the order at a later date.

During the review process, the Commission determined that the reporting requirements of OMB Control Number 3060-0894 should be eliminated. The order eliminated the rate comparability review and certification, as well as the certification letter accounting for receipt of federal support in OMB Control Number 3060-0894 is duplicative of the certification pursuant to section 254(e) of the Act contained in the instant OMB Control Number. Upon OMB approval of this revision, the Commission will voluntarily discontinue OMB Control Number 3060-0894.

The order also moves the recordkeeping requirement from 47 C.F.R. § 54.202(e) to new 47 C.F.R. § 54.320. The Commission is deleting this recordkeeping requirement (i.e., 47 C.F.R.

§ 54.202(e)) from OMB Control Numbers 3060-1081 and 3060-0774. See Item A.1.(7) of this supporting statement.

There are no changes to the FCC Form 525 which is part of this information collection.

Revisions now being proposed to this information collection:

(1) The order provides that existing high-cost support for price cap incumbent local exchange carriers will be frozen at 2011 levels. In addition, the order provides for up to \$300 million annually in incremental support to those carriers, to be allocated by the use of a cost equation. Carriers accepting such incremental funding will be required to meet defined broadband deployment obligations. Eligible carriers will be required to notify the Commission, the universal service fund Administrator, as well as relevant state and Tribal authorities of the amount, if any, of funds they accept. Carriers accepting funding must certify that (a) the locations that will be served in satisfaction of the deployment requirement associated with its identified funds are shown as unserved by fixed terrestrial broadband on the then-current version of the National Broadband Map; (b) to the best of the carrier's knowledge, its identified locations are, in fact, unserved by fixed terrestrial broadband; (c) the carrier's current capital improvement plan did not already include plans to complete broadband deployment, without CAF Phase I incremental support, within the next three years to the locations to be counted to satisfy its deployment requirement; and (d) incremental support will not be used to satisfy any merger commitment or similar regulatory obligation. Carriers accepting funding will also be required to identify, for each location to be counted toward satisfaction of the carrier's deployment obligation, the following information: the location's census block information based on the Federal Information Processing Standard (FIPS) code, the carrier's NECA-assigned operating company code (OCN), the carrier's study area code (SAC), the wire center's eight-digit Common Language Location Identifier (CLLI) code, the latitude (to 6 decimal places), and the longitude (to 6 decimal places). Carriers accepting funding have the option of providing all of the required location-identifying information at the time they file their notice of acceptance of support, or, in the alternative, they may elect to only identify the census blocks and wire centers where they will deploy. Carriers electing this latter option must provide all required information for each location no later than one year after filing notices of acceptance for purposes of satisfying the carrier's deployment obligation. That is, carriers electing to initially provide only census block and wire center information must provide complete location information for all of their locations no later than one year after they file their notices of acceptance.

(2) The order also adopts a rule to reduce, dollar-for-dollar, a carrier's high-cost loop support (for rate-of-return carriers) or Connect America Fund Phase I frozen high-cost support (for price cap carriers) to the extent that the carrier's local end user rate plus state regulated fees do not meet a specified urban rate floor. Accordingly, carriers will be required to report, on an annual basis, the local end user rates that fall below the specified urban rate floor, and the number of lines associated with each rate so that the universal service fund Administrator can calculate reductions in support.

(3) The order also modifies section 54.307 of the Commission’s rules, 47 C.F.R. § 54.307, (often called the “identical support rule”) and related rules, which provide that competitive eligible telecommunications carriers receive the same per-line level of support as received by incumbent LECs serving the same areas. Competitive eligible telecommunications carriers, with limited exceptions, will not continue to receive support pursuant to the identical support rule and will have their support phased down over five years. (The limited exceptions relate to certain competitive eligible telecommunications carriers serving remote parts of Alaska and a single Tribally-owned competitive eligible telecommunications carrier. For these carriers, the phasedown is delayed by five years.) As a result, the Commission will be reducing the burdens associated with a number of collections in this control number, including line count filings for competitive ETCs and incumbent LECs serving competitive areas, disaggregation plans (which permit incumbent LECs to target support for the purpose of calculating per-line support amounts), and certifications for carriers serving Tribal lands and Alaska native regions. In addition, the Commission eliminates the “own costs” exception to the interim cap for competitive ETCs. The interim cap limited the total annual amount of high-cost support competitive ETCs in any state could receive to the amount competitive ETCs in that state received in March 2008 on an annualized basis. The “own costs” exception provided that competitive ETCs that showed that they met the support threshold in the same manner as the incumbent LEC would not be subject to the cap. Eliminating the “own costs” exception does not alter the content of this information collection; it does, however, address and satisfy the terms of clearance in the May 2009 Notice of Office of Management and Budget Notice of Approval.

(4) The order also revises the certifications that states (or ETCs that are not subject to state jurisdiction) are required to file annually with the Commission and the universal service fund Administrator to ensure that carriers use universal service support “only for the provision, maintenance and upgrading of facilities and services for which the support is intended” consistent with section 254(e) of the Act. Although the existing certifications are prospective only, the revised certification will ensure that carriers not only will use support in the next year for the intended purposes, but also have used support in the prior year for the intended purposes.

(5) The order also eliminates eligibility for Safety Net Additive support for costs incurred after 2009. Accordingly, this collection is being revised to eliminate the requirement that carriers notify the Commission and USAC that they qualify for Safety Net Additive Support.

(6) The order also eliminates the distinction between “rural” and “non-rural” carriers. Therefore, this collection is being revised to eliminate the reporting requirements for self-certification as a rural carrier.

(7) The order also moves the recordkeeping requirement from 47 C.F.R. § 54.202(e) to new 47 C.F.R. § 54.320. It also increases the required document retention period from five to ten years and makes clear that carriers are subject to random compliance audits and other investigations and must make all documents and records available to the Commission, any of its Bureaus or Offices, the USF Administrator, and their respective auditors.

(8) The order extends current federal annual reporting requirements to all ETCs, including those designated by states. Specifically, the order requires that all ETCs must include in their annual reports the information that is currently required by section 54.209(a)(1)-(a)(6) — specifically, a progress report on their five-year build-out plans; data and explanatory text concerning outages; unfulfilled requests for service; complaints received; certification of compliance with applicable service quality and consumer protection standards; and certification of its ability to function in emergency situations. All ETCs that receive high-cost support will file this information with the Commission, USAC, and the relevant state commission, relevant authority in a U.S. Territory, or Tribal government, as appropriate.

(9) Finally, this submission eliminates the recordkeeping requirements from OMB Control Number 3060-0894. Upon OMB approval of this information collection revision, the Commission will voluntarily discontinue OMB Control Number 3060-0894.

Current 3060-0986 Information Collection Requirements (a. – h. below and in Item 12):

a. Reporting Working Loops at Cost-Zone Level :

Rural carriers that disaggregate and target per-line support to zones within their study area are required to report loops at the cost-zone level, which is a modification of the general rule that carriers report loops at the study-area level. *See* 47 CFR §§ 54.307(b) and (c). This permits USAC to calculate the per-line support amount that will be provided to any competitive ETC serving the zone. Because per-line support will no longer need to be calculated, except in remote parts of Alaska, the burdens associated with this filing will be reduced.

b. State Certification Letter under 254(e) of the Act:

The Commission requires that states (or ETCs where the state lacks jurisdiction over ETCs) file annual certifications with the Commission to ensure that carriers use universal service support “only for the provision, maintenance and upgrading of facilities and services for which the support is intended” consistent with section 254(e). Accordingly, the Commission requires states that wish to receive federal universal service high-cost support for carriers within their boundaries (or ETCs where the state lacks jurisdiction over ETCs) to file a certification with the Commission and the Universal Service Fund Administrative Company (the Universal Service Fund Administrator or USAC) stating that all federal high-cost funds flowing to carriers in that state has been and will be used in a manner consistent with section 254(e). Absent such certification, carriers will not receive such support. *See* 47 CFR § 54.314.

The Commission recognizes that some state commissions may have only limited regulatory oversight to ensure that federal support is reflected in intrastate rates. States nonetheless may certify to the Commission that a carrier in the state has accounted to the state commission for its receipt of federal support and that such support has been and will be used “only for the provision, maintenance and upgrading of facilities and services for which the support is intended.” Incumbent and competitive ETCs serving lines in the state may formulate plans

to ensure compliance with section 254(e), and present those plans to the state, so that the state may make the appropriate certification to the Commission. Absent the filing of such certification, carriers will not receive support. See 47 CFR § 54.314.

c. Support in Competitive Study Areas:

This revision will reduce the number of respondents associated with this requirement. Rural carriers and competitive ETCs are required to file line count data on a quarterly basis upon competitive entry in rural carrier study areas. The rural carrier line counts are used to determine the appropriate per-line support for competitive eligible telecommunications carriers serving the same area. The competitive eligible telecommunications carrier's line counts (collected on FCC Form 525) are used to calculate their total support. Because the identical support rule is being eliminated, effective January 1, 2012, for most carriers, the burdens associated with this requirement will be significantly reduced.

d. Safety Valve:

The "safety valve" mechanism enables rural carriers acquiring access lines to receive additional support over a period of five years to reflect post-transaction investment made by the acquiring carrier. Once relevant regulatory approvals are obtained and the transaction is closed, the rural carrier must provide written notice to USAC that they have acquired access lines that may become eligible for safety valve support and identify when the index year for determining eligibility began. See 47 CFR § 54.305(f).

e. Connect America Fund Phase I Incremental Support:

Carriers accepting Connect America Fund Phase I incremental support will be required to meet defined broadband deployment obligations. Eligible carriers will be required to notify the Commission, the universal service fund Administrator, as well as relevant state and Tribal authorities of the amount, if any, of funds they accept. Carriers accepting funding must certify that (a) the locations that will be served in satisfaction of the deployment requirement associated with its identified funds are shown as unserved by fixed terrestrial broadband on the then-current version of the National Broadband Map; (b) to the best of the carrier's knowledge, its identified locations are, in fact, unserved by fixed terrestrial broadband; (c) the carrier's current capital improvement plan did not already include plans to complete broadband deployment, without CAF Phase I incremental support, within the next three years to the locations to be counted to satisfy its deployment requirement; and (d) incremental support will not be used to satisfy any merger commitment or similar regulatory obligation. Carriers accepting funding will also be required to identify, for each location to be counted toward satisfaction of the carrier's deployment obligation, the following information: the location's census block information based on the FIPS code, the carrier's OCN, the carrier's SAC, the wire center's eight-digit CLLI code, the latitude (to 6 decimal places), and the longitude (to 6 decimal places). Carriers accepting funding have the option of providing all of the required location-identifying information at the time they file their notice of acceptance of support, or, in the alternative, they may elect to only identify the census blocks and wire centers where they will deploy. Carriers electing this latter option

must provide all required information for each location no later than one year after filing notices of acceptance for purposes of satisfying the carrier's deployment obligation. That is, carriers electing to initially provide only census block and wire center information must provide complete location information for all of their locations no later than one year after they file their notices of acceptance. *See* 47 CFR § 54.312(b).

f. Local End User Rates and State Regulated Fees:

The Commission requires carriers receiving high-cost loop support or Connect America Phase I support to report, on an annual basis, the local end user rates that fall below a specified urban rate floor and the number of lines associated with each rate. *See* 47 CFR § 54.313(h). This permits USAC to calculate reductions in support. Carriers will be expected to provide local end user rate and state fee information in electronic form.

g. Recordkeeping Requirement:

Carriers receiving high-cost or Connect America Fund support are subject to random compliance audits and other investigations to ensure compliance with program rules and orders, and carriers must retain records required to demonstrate to auditors that the support received was consistent with the universal service high-cost program rules. The document retention period is being increased from five years to ten years. The carriers must make these documents and records available to the Commission, any of its Bureaus or Offices, the USF Administrator, and to their respective auditors.

h. Annual Reporting Requirement (new requirement):

All ETCs must include in their annual reports the information that is currently required by section 54.209(a)(1)-(a)(6) — specifically, a progress report on their five-year build-out plans; data and explanatory text concerning outages; unfulfilled requests for service; complaints received; certifications of compliance with applicable service quality and consumer protection standards; and certification of its ability to function in emergency situations. All ETCs that receive high-cost support will file this information with the Commission, USAC, and the relevant state commission, relevant authority in a U.S. Territory, or Tribal government, as appropriate. *See* 47 CFR § 54.313(a)(1)-(6).

Information collection requirements being eliminated (a. – d. below):

a. Election of Disaggregation Plan and Change in Path:

This occasional filing will be eliminated (3060-0986). This collection is being revised to eliminate the requirement that carriers receiving Interstate Common Line Support elect and submit one of three disaggregation paths to the state commission or, if appropriate, the Commission. The elimination of the identical support rule in most areas renders the use of disaggregation plans obsolete.

b. Competitive ETC Tribal Lands/Alaska Native Regions Exception:

Carriers are no longer required to provide information for this specific requirement (3060-0986). This collection is being revised to eliminate the requirement that carriers notify the Commission and USAC that they provide line data for each study area showing the number of lines served in a tribal land or Alaska Native region (“covered location”) and certify that the line met requirements of the exception.

c. Safety Net Additive:

Carriers are no longer required to provide information for this specific requirement (3060-0986). This collection is being revised to eliminate the requirement that carriers notify the Commission and USAC that they qualify for Safety Net Additive support.

d. Procedures for Self-Certification as a Rural Carrier:

Carriers are no longer required to provide information for this specific requirement (3060-0986). This collection is being revised to eliminate the requirement that carriers file a rural certification letter if its status as a rural carrier changed.

Statutory authority for this collection of information is contained in sections 1-4, 201-206, 214, 218-220, 251, 252, 254, 256, 303(r), 332, 403, 405, and 410 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 201-206, 214, 218-220, 251, 252, 254, 256, 303(r), 332, 403, 405, and 410.

This information collection does affect individuals or households; thus, there are no impacts under the Privacy Act. However, the information that is related to individuals or households is collected by third parties; and as a consequence, the Commission is not required to complete a privacy impact assessment.

2. *Use of information.* The Commission will use the information requirements to determine whether and to what extent incumbent LECs and competitive ETCs providing the data are eligible to receive universal service support.
3. *Technological collection techniques.* In an effort to reduce any burden created by these information collection requirements, the Commission shall permit all 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 Commission takes the initiative to reduce the number of collections, extract requirements from OMB Control Numbers 3060-0774 and 3060-1081, and voluntarily discontinue collection 3060-0894 to avoid duplication of certification requirements pursuant to Section 254(e) of the Act contained in this information collection. 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.* Section 254(b) directs the Commission to base policies for the preservation and advancement of universal service on six principles. A fair and reasonable application of those principles including our adoption of the additional principle of competitive neutrality will favorably impact all business entities, including smaller entities. The collection of information may affect small entities as well as large entities.
6. *Consequences if information is not collected.* The information collected is used to determine eligibility for and to calculate high-cost universal service support. Without the requested information, USAC will not be able to determine a carrier's eligibility or how much support it would receive. This may result in partial or complete denial of high-cost universal service support for the carrier.
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 60-day notice was published in the *Federal Register* pursuant to 5 CFR 1320.8(d) on December 22, 2011, See 76 FR 79679. No PRA comments were received, however, the Commission's most recent Notice of OMB Approval for collection 3060-0986, dated May 3, 2009, was granted with the following Terms of Clearance: "Revisions to this collection are approved under the terms of clearance that FCC should, as soon as reasonably possible, address outstanding issues related to the limited exception from application of the interim cap to a competitive eligible telecommunications carrier that files its own cost data. Unless there are statutory or legal reasons which prevent this from occurring, OMB will not approve any future revisions or extensions for the full 3-year period until this has been addressed." The terms of clearance have been addressed and satisfied in the order, and as described in revisions to the SS, described/proposed in Items 1 and 12 of the revised supporting statement.
9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payment or gift to respondents.
10. *Assurances of confidentiality.* The Commission is not requesting that respondents submit confidential information to the Commission. We note that USAC must preserve the confidentiality of all data obtained from respondents and contributors to the universal service support program mechanism; must not use the data except for purposes of administering the universal service support program; and must not disclose data in company-specific form unless directed to do so by the Commission.
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:

a. Reporting Working Loops at Cost-Zone Level:

- (1) Number of respondents: Approximately 23.

Only rural carriers or other incumbent carriers receiving Interstate Common Line Support that disaggregate their high-cost support must file. This collection applies only to rate-of-return carriers serving remote parts of Alaska.

- (2) Frequency of response: Annual and quarterly reporting requirements.

If there is no competition in the service area, the carrier is required to file annually. If competition exists in the service area the carrier is required to file quarterly. Each carrier must provide NECA with numbers of working loops at the cost-zone level. We estimate that there are approximately 23 carriers that will be filing on a quarterly basis.

- (3) Annual hour burden per respondent: 8 hours per respondent for 23 carriers that is filing on a quarterly basis. Total annual hour burden is calculated as follows: 23 respondents x 4 reports per respondent = 92 responses x 8 hours, = **736 total annual hours**. The hour burden is not expected to vary widely because of differences in activity, size, or complexity.

- (4) Total estimate of annualized cost to respondents for the hour burden: \$29,440. (736 hours x \$40/hr.).

- (5) Explanation of calculation: We estimate that time to comply with the requirement will be 736 hours x \$40/hr.(attorney, administrative staff time and overhead) = \$29,440.

b. State Certification Letter Under 254(e):

- (1) Number of respondents: 60 respondents. (51 states, plus approximately 9 carriers will have to file their own certification).

- (2) Frequency of response: Annual reporting requirement. Each state commission must file a letter with the Commission certifying that a carrier within the state had accounted for its receipt of federal support in its rates or otherwise used the support for the “provision, maintenance, and upgrading of facilities and services for which the support is intended” in accordance with section 254(e). Carriers that are not under a state regulatory authority will have to file with the Commission directly.

- (3) Annual hour burden per respondent: 3 hours. Total annual hour burden is: 3 hours x 60 respondents = **180 hours**.

- (4) Total estimate of annualized cost to respondents for the hour burden: \$7,200. (180 hours x \$40/hr.).

- (5) Explanation of calculation. We estimate that each state commission will spend 3 hours drafting a letter to the Commission to certify that a carrier within the state had accounted for its receipt of federal support. 60 (number of respondents) \times 3 (hours to prepare certification letter) \times $\$40/\text{hr.}$ (attorney, administrative staff time and overhead) = $\$7,200$.

c. Support in Competitive Study Areas: (FCC Form 525):

- (1) Number of respondents: 15. Approximately 14 competitive ETCs serving remote parts of Alaska and one tribally owned competitive ETC will have to submit line count data quarterly.
- (2) Frequency of response: Quarterly reporting requirement. Each carrier must file line count data with USAC upon competitive entry in rural carrier study areas.
- (3) Annual hour burden per respondent: 6 hours. Total annual hour burden is: 15 respondents \times 6 hours \times 4 reports per respondent = **360 hours.**
- (4) Total estimate of annualized cost to respondents for the hour burden: $\$14,440$. (336 hours \times $\$40/\text{hr.}$).
- (5) Explanation of calculation: We estimate that 15 competitive ETCs will submit line count data quarterly, \times 6 hours to complete \times $\$40/\text{hr.}$ (attorney, administrative staff time and overhead) when preparing the worksheet. Thus, 360 hours \times 40 = $\$14,400$.

d. Safety Valve:

- (1) Number of respondents: 25 rural carriers will have to file a notice.
- (2) Frequency of response: On occasion reporting requirement and third party disclosure requirement. Rural carriers shall provide written notice to USAC when their index year has been established for purposes of calculating eligibility for safety valve support.
- (3) Annual hour burden per respondent: .5 hours. Total annual hour burden is: 25 respondents \times .5 hours = 12.5 hours (rounded to **13 hours on 30 Day notice**).
- (4) Total estimate of annualized cost to respondents for the hour burden: $\$500$. (12.5 hours \times $\$40/\text{hr.}$).
- (5) Explanation of calculation: We estimate that each carrier will spend .5 hour drafting a notice to USAC indicating when their index year has been established for purposes of calculating eligibility for safety valve support. 25 (number of respondents) \times .5 (hours to prepare certification letter) \times $\$40/\text{hr.}$ (attorney, administrative staff time and overhead) = $\$500$.

e. Connect America Fund Phase I Incremental Support:

- (1) Number of respondents: Approximately 9 holding companies of price cap carriers will have to report the incremental funding, if any, they accept. Those carriers accepting funding will also be required to identify by wire center and census block the areas to which they will deploy broadband service.
- (2) Frequency of response: On occasion. The Commission intends to make funds available annually until this support mechanism is terminated. Eligible carriers must file with the Commission, USAC, as well as relevant state and Tribal authorities.
- (3) Annual hour burden per respondent: 6 hours per respondent for 9 respondents filing annually. Total annual hour burden is: 9 respondents x 6 hours = **54 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$2,160. (54 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier accepting funding will spend at least 6 hours reporting the funding they accept and identify the applicable wire center and census blocks they will be deploying broadband to meet their deployment obligations. 9 (number of respondents) x 6 (hours to identify the applicable wire center and census blocks and prepare the relevant reporting documents) x \$40/hr.(attorney, administrative staff time and overhead) = \$2,160.

f. Local End User Rates and State Regulated Fees:

- (1) Number of respondents: Approximately 1,442 companies (1,070 rate-of-return carriers and 372 price cap carriers) will have to report local end user rates and state regulated fees.
- (2) Frequency of response: Annually. Each carrier must file a form with USAC unless USAC specifies alternative arrangements. Among other information, the form contains all local end user rates that fall below a specified urban rate floor and the number of lines associated with each rate.
- (3) Annual hour burden per respondent: 4 hours per respondent for 1,442 respondents filing on an annual basis. Total annual hour burden is: 1,442 respondents x 4 hours = **5,768 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$230,720. (5,768 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier will spend at least 4 hours filtering and tabulating end user rates for each line that falls below a specified urban rate floor and indicating the specific line associated with each rate. 1,442 (number of respondents) x 4 (hours to tabulate end user rates for each line and to prepare the relevant

reporting documents) x \$40/hr.(attorney, administrative staff time and overhead) = \$230,720.

g. Recordkeeping Requirements

- (1) Number of Respondents: Approximately 1,442 telephone companies.
- (2) Frequency of Response: Annually.
- (3) Annual hour burden per respondent: 2 hours per respondent for 1,442 respondents retaining documents on an annual basis. Total annual hour burden is: 1,442 respondents x 2 hours = **2,884 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$115,360. (2,884 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier will spend at least 2 hours tracking document retention periods. 1,442 (number of respondents) x 2 (hours to comply with document retention requirements) x \$40 per hour (administrative staff time and overhead) = \$115,360.

h. Annual Reporting Requirements (new requirement)

- (1) Number of Respondents: Approximately 1,918 telephone companies.
- (2) Frequency of Response: Annually.
- (3) Annual hour burden per respondent: 80 hours per respondent for 1,918 respondents filing on an annual basis. Total annual hour burden is: 1,918 respondents x 80 hours = **153,440 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$3,200 (80 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier will spend a total of at least **80 hours** tracking, filtering, tabulating, assessing and preparing reporting requirements: 1,918 (number of respondents) x 80 (hours tracking, filtering, tabulating, assessing and preparing reporting requirements) x \$40 per hour (administrative staff time and overhead) = \$6,137,600.

The estimated respondents and responses and burden hours are listed below:

Information Collection Requirements	Number of Respondents	Number of Responses	Estimated Time per Response (hours)	Total Burden Hours	In-house Office and Overhead Costs
a. Reporting Working Loops at Cost-Zone Level (47 C.F.R. §§ 54.307(b) and 54.307(c))	23	23 x 4 = 92	8	736	\$29,440.00
b. State Certification Letter under Section 254(e) of the Communications Act (47 C.F.R. §§ 54.313(b) and 54.314)	60	60	3	180	\$7,200.00
c. Support in Competitive Study Areas – FCC Form 525 (47 C.F.R. § 36.311, 36.312, and 54.307)	15	15 x 4 = 60	6	360	\$14,400.00
d. Safety Valve (47 C.F.R. § 54.305(f))	25	25	0.5	12.5	\$500.00
e. <u>Reporting Connect America Fund Phase I Incremental Support</u> (47 C.F.R. § 54.312(b))	9	9	6	54	\$2,160.00

f. Reporting Local End User Rates and State Regulated Fees (47 C.F.R. § 54.313(h))	1,442	1,442	4	5,768	\$230,720.00
g. Recordkeeping Requirements (47 C.F.R. § 54.320)	1,442	1,442	2	2,884	\$115,360.00
h. Annual Reporting Requirements (47 C.F.R. § 54.313(a)(1)-(6)) (new requirement)	1,918	1,918	80	153,440	\$6,137,600
TOTALS:	4,934	5,048	.5 – 80	163,435.	\$6,537,380.

Total Number of Respondents: 4,934.

Total Number of Responses Annually: 5,048.

Total Annual Hourly Burden for requirements (a) – (h): 163,435 hours.

Total Annual “In House” Costs: \$6,537,380

13. *Estimates for the cost burden of the collection to respondents.* There are no outside contracting costs for this information collection. See the last column in the chart in item 12 above for the estimated in-house costs.

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.*

a. *Program Change Increase.*

The estimated total annual burden hours have increased for all requirements now under this OMB control number.

The total hourly burden reported previously in 2009 was estimated at 33,323 hours and, as a result of changes to collection requirements in 12e, 12f, 12g and 12h, have been increased to 163,435 hours.

The significant program change increase was due to the requirement that “all” eligible telecommunications carriers (ETCs) submit annual reports versus the previous requirement that only “federally-regulated” ETCs provide annual reports.

b. Program Change Decrease:

The following respondents: (a) Election of Disaggregation Plan and Change in Path (-10 hours); (b) Competitive ETC Tribal Lands/Alaska Native Regions Exception (-50 hours); (c) Safety Net Additive (-257 hours); and (d) Procedures for Self-Certification as a Rural Carrier (-1 hour) requirements are no longer required to file reports, which resulted in reductions. A total burden reduction of 318 hours. However this reduction is offset by the explanation of 15a above in which all ETCs must now submit annual reports.

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.
17. *Display of expiration date for OMB approval of information collection.* The Commission seeks approval to continue to not display the OMB expiration date for OMB approval on the FCC Form 525. The Commission will use an edition date in lieu of an OMB expiration date. This is necessary so that when the OMB expiration date changes, the Commission does not have to update electronic versions or destroy paper stocks. Finally, the Commission publishes a list of all OMB-approved information collections, including this one, in 47 CFR 0.408 of the Commission’s rules.
18. *Exceptions to certification statement for Paperwork Reduction Act submissions (Item 19 of OMB Form 83-I).* Previously provided burden hours were not accurate when the Commission published the 60 day notice. The burden hours herein have been revised and published in the 30 day notice to correctly state the Commission’s burden estimates.

B. Collections of Information Employing Statistical Methods:

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