

SUPPORTING STATEMENT

This submission is being made pursuant to 44 U.S.C. § 3507. This submission seeks the Office of Management and Budget (OMB) approval to revise the subject information collection adopting the information collection items listed in the Commission's Report and Order and Further Notice of Proposed Rulemaking, *Lifeline and Link Up Reform and Modernization, Federal-State Joint Board on Universal Service, Lifeline and Link Up*, WC Docket Nos. 11-42, 03-109 and 12-23, CC Docket No. 96-45, FCC 12-11, Report and Order, (rel. February 6, 2012) (*2012 Lifeline Reform Order*), intended to take immediate action to address potential waste, fraud, and abuse in the universal service low income program. Revisions to the previously approved OMB information collection can be found in Items A.1, 8, 12.a, c, d, e, f, and 15 of this supporting statement.

In the Commission's attempt to reduce the number of information collections, we have removed and consolidated all low-income requirements requiring approval or revision into this submission (3060-0819). We incorporate the information collection requirements in OMB Control Number 3060-0774 into this submission so it can be removed from the OMB inventory.

A. Justification:

1. *Circumstances that make collection necessary.*

The Commission first adopted rules for the Lifeline program in 1997. On May 8, 1997, the Commission adopted rules establishing, among other things, that eligible telecommunications carriers (ETCs) offering Lifeline and Link Up to qualifying low-income customers would receive reimbursement from the federal Universal Service Fund (Fund) for low-income support. On April 2, 2004, in its Report and Order and Further Notice of Proposed Rulemaking (*2004 Lifeline Order*), the Commission directed ETCs to certify that their Lifeline/Link Up subscribers eligibility for the program and to verify a sample of their subscribers' eligibility on an annual basis.¹ States that operate their own Lifeline/Link Up programs have been allowed to develop their own certification procedures (referred to as non-federal default states). The *2004 Lifeline Order* also requires ETCs to submit to the Universal Service Administrative Company (USAC or Administrator) proof that they certified that their Lifeline subscribers are eligible for Lifeline, and proof that they verified their subscribers' continued eligibility for Lifeline. Prior to the recent Lifeline Reform Order, ETCs operating in the federal

¹ The Order was an outgrowth of an April 2003 Joint Board *Recommended Decision* to improve the effectiveness of the low-income support mechanism. The Commission sought comment on the Joint Board's *Recommended Decision* regarding modifications to the Lifeline and Link Up program in a *Notice of Proposed Rulemaking (2003 NPRM)* released on June 9, 2003.

default states were required to sample their subscribers and report the results to USAC.

Subscribers apply for Lifeline and Link Up support through ETCs or the states (either through state social service agencies or state administrators). ETCs that have provided eligible subscribers with Lifeline discounts file the Lifeline and Link Up Worksheet (FCC Form 497) with USAC to receive Low Income Program support that reimburses them for providing service at discounted rates.

On March 4, 2011, the Commission released a Notice of Proposed Rulemaking to reform and modernize the Lifeline/Link Up program. In the *2011 Lifeline and Link Up NPRM*, the Commission presented a comprehensive set of proposals to better target support to needy subscribers and maximize the number of Americans with access to modern communications services. In June, 2011, the Commission adopted the *Lifeline Duplicates Payment Order* to address waste in the Universal Service Fund created by duplicative claims. To ensure prompt action to eliminate duplicative Lifeline support, the Commission adopted a final rule clarifying that qualifying low-income subscribers may receive no more than a single Lifeline benefit. The Commission also required eligible telecommunications carriers upon notification from USAC to de-enroll subscribers that are receiving multiple benefits in violation of that rule.

On September 23, 2011, the Commission issued an *Inquiry into Disbursement Process for the Universal Service Fund Low Income Program*, Public Notice, WC Docket Nos. 11-42 and 03-10, DA 11-1593 (*2011 Disbursement Process PN*) seeking comment on a proposal for disbursing Universal Service Fund low income support to ETCs based upon claims for reimbursement of actual support payments made, instead of projected claims for support. Under the proposal ETCs are required to file FCC Form 497 monthly, rather than having the option of filing either monthly or quarterly. Currently, the majority of ETCs file support claims on FCC Form 497 on a monthly basis; however, some ETC's file support claims quarterly.

In the current *2012 Lifeline Reform Order*, we take immediate actions necessary to address waste in the Universal Service Fund. Specifically, the Order will impact the current information collection in the following ways:

Revisions now being proposed to this information collection:

Revised FCC Form 497. In the Order we direct USAC to revise its FCC Form 497, the form submitted by ETCs to receive reimbursement for Lifeline, Link Up and Toll Limitation Service (together, "low income" support) by establishing a flat rate for reimbursement for non-Tribal Lifeline support and adjusting the amount for TLS support. ETCs will be required to provide this information when submitting the new FCC Form 497s (attached) for reimbursement. Furthermore, we reduce the window by which carriers must file revisions or original FCC Form 497 submissions from fifteen months from the end of a calendar year to a rolling twelve-month window.

Annual Reporting Requirements. All ETCs must include the information that is required by 54.313(a)(8) in their annual reports to the Commission, specifically, the company's holding company, operating companies, affiliates, and any branding (a "dba," or "doing-business-as company," or brand designation). The Order adopts a new rule, section 54.422, whereby ETCs providing Lifeline services to low-income consumers must include this information in their annual reports to the Commission. In addition, the Order requires every ETC receiving low-income support to annually provide to the Commission and USAC general information regarding their Lifeline plans for voice telephony service offered specifically for low-income consumers.

REVISED Certification of Eligibility Upon Enrollment. In the Order we require ETCs (or the state administrator, where applicable) to check the program-based eligibility of new Lifeline subscribers at enrollment by accessing available state or federal eligibility databases. Where underlying program eligibility data cannot be accessed, we require new Lifeline subscribers to provide documentation of program-based eligibility, which the entity enrolling the subscriber should review (but not retain). On the certification form, the ETC (or the state administrator, where applicable) must collect the following information from qualifying low-income consumers:

- Primary residential address and billing address, if different from the residential address;
- For those consumers living in an address occupied by multiple households, a certification that any other Lifeline recipients residing at that address are part of a separate household. This certification must be obtained at the time of enrollment and annually thereafter;
- A certification that they are receiving Lifeline support for a single subscription per household;
- Identity information including date of birth and last four digits of the subscriber's social security number;
- Attestation that the consumer is eligible to receive Lifeline services by participating in a qualifying federal program or meets the income qualification and has provided true and accurate information on his or her application. For those consumers qualifying for Lifeline based on income, they must provide the number of individuals in their household; and
- For those consumers seeking Tribal eligibility, a certification that they reside on Federally-recognized Tribal lands.

Certification of Residential Address. In this Order we adopt a rule, 47 C.F.R. § 54.410(d)(3)(iii), whereby Lifeline consumers have 30 days from moving to a new address within which to notify their respective ETCs of the change of residential address.

Revised Verification of Continued Eligibility (now referred to as Annual Recertification of Consumer Eligibility). In this Order we replace the existing verification rule contained in 47 C.F.R. § 54.409(c) with a new rule, 47 C.F.R. § 54.410(f) requiring ETCs to confirm the eligibility of all their Lifeline subscribers on an annual basis. Carriers may fulfill this requirement by querying a database maintained by a state agency or third party for that purpose, when applicable. Otherwise, carriers must collect signed certifications

from subscribers attesting to their continued eligibility as well providing the information contained in the initial certification form, described above. This new rule, in conjunction with 47 C.F.R. § 54.405(e)(4), also requires that consumers who do not respond to annual re-certification attempts must be de-enrolled from the Lifeline program (and the database, discussed below, must be updated accordingly).

By the end of 2012, all ETCs must re-certify all subscribers claimed on their June 2012 FCC Form 497 and report the results of this annual re-certification by January 31, 2013 to the Commission and the Administrator and the relevant state commission or Tribal government (where applicable). Beginning in 2013, in cases when ETCs cannot re-certify their subscribers by accessing a database, they must re-certify them on an annual basis or elect to have USAC re-certify them. The results of the re-certification process must be filed by January 31st each year.

Revised Resolution of Duplicative Claims. The Order directs USAC to continue with the Duplicate Resolution Process by identifying and resolving duplicative Lifeline claims in states identified by the Bureau. The ETCs are required to supply subscriber lists and de-enroll subscribers found to be duplicates.

Maintenance of National Lifeline Accountability Database. In the Order we adopt a national database to detect and eliminate duplicative Lifeline and Link Up support. With respect to populating the duplicates database, we adopt a rule requiring ETCs, prior to transmission to the administrator, verify and standardize the relevant data, and transmit the relevant data to the database administrator in the format prescribed. The rule requires ETCs to obtain consumers' consent prior to transmitting the requisite information (subscriber's full name, address, telephone number associated with the Lifeline service, the date Lifeline service was initiated/terminated, date of birth, last four digits of social security number, the amount of support being sought for the subscriber, and the means of subscriber qualification proof). With respect to Link Up subscribers, ETCs must transmit to the duplicates database in a format prescribed by the Administrator each new and existing Link Up subscriber's full name, primary residential address, telephone number associated with the Link up support, date of service activation, date of Link Up support, date of birth, and last four digits of social security number obtained from the subscriber.

In this Order we also adopt rules with respect to maintaining the duplicates database. When notified of any change of information, ETCs are required to update the duplicates database within 10 business days. In addition, ETCs are required to update the database within one business day of de-enrollment of any consumer.

Payment of Low-Income Support. Payment based on actual support payments will replace the current administrative process, under which USAC reimburses ETCs for low-income support each month based on USAC's projections of payments and on a "true up" calculated using an ETC's actual support payments. ETCs will now be required to file FCC Form 497 monthly rather than having the option of filing either monthly or quarterly. Currently the majority of ETCs file support claims on FCC Form 497 on a monthly basis. In the Order we adopt a three-month transition period for low-income

support to be disbursed based on actual support. We also accelerate USAC's payment of low-income support for carriers filing the FCC Form 497 electronically by a monthly deadline.

Subscriber Usage. In the Order we adopt a rule, 47 C.F.R. § 54.405(e)(3), requiring pre-paid ETCs offering service to subscribers for free to de-enroll subscribers who fail to "use" the service (as that term is defined in the Order) within 60 consecutive days and update the duplicates database within one business day of such de-enrollment. As described above, ETCs must report the number of consumers de-enrolled every month on the revised FCC Form 497.

Electronic Signature. In this Order, we implement a rule allowing ETCs and state agencies to obtain Lifeline subscriber certifications electronically, including through the use of interactive voice response systems, in compliance with the requirements of the E-Sign Act and the Government Paperwork Elimination Act. The E-Sign Act allows the use of electronic records to satisfy Commission regulations requiring that such information be provided in writing, if the consumer has affirmatively consented to such use and has not withdrawn such consent. This rule will reduce the paperwork burden for ETCs and state agencies.

Audit Requirements. In this Order we require USAC to revise its existing oversight program (the Beneficiary Compliance Audit and Payment Quality Assurance programs) in light of the new rules. In the Order we modify the audit requirements of 47 C.F.R. § 54.420(b) by requiring USAC to conduct audits of new ETCs within the first twelve months of their seeking federal low-income Universal Service Fund support within any single state to ensure their compliance with the rules as well as assess the company's internal controls regarding the regulatory requirements.

Facilities-Based Requirements. The Commission forbears from applying the Act's facilities requirement of section 214(e)(1)(A) to all telecommunications carriers that seek limited ETC designation to participate in the Lifeline program, subject to certain conditions. Specifically, each carrier must (i) comply with certain 911 requirements; and (ii) file, subject to Bureau approval, a compliance plan providing specific information regarding the carrier's service offerings and outlining the measures the carrier will take to implement the obligations contained in this Order.

Eliminate 5-year Improvement Requirement. In the Order we make several modifications to the existing rules regarding Lifeline providers to eliminate waste and inefficiency, and to increase accountability in the program. In the Order we amend section 54.202 to clarify that Lifeline-only ETCs are not required to submit a five-year improvement plan as part of its application for designation.

Requirements for Designation of ETCs. In the Order we amend section 54.202 by requiring carriers seeking to be designated as a Lifeline-only ETC to demonstrate their technical and financial capacity to provide the supported services. Additionally, in the Order we amend section 54.202 to require every ETC receiving low-income support to

annually provide to the Commission and USAC general information regarding their Lifeline plans for voice telephony service offered specifically for low-income consumers. Finally, section 54.202 requires that a carrier seeking to be designated as an ETC certify that it will comply with the service requirements applicable to the support that it receives.

Broadband Pilot Program Public Notice. In the Order we establish a broadband pilot program aimed at generating statistically significant data that will allow the Commission, ETCs, and the public to analyze the effectiveness of different approaches to using Lifeline funds to making broadband more affordable for low-income Americans while providing support that is sufficient but not excessive. In a Public Notice to be released no later than 45 days after the effective date of this Order, ETCs will be asked to submit proposals for a broadband pilot project. ETCs will be given 45 days after the release of the Public Notice to submit applications for their proposed projects.

Information collection requirements being eliminated:

ETCs in federal default states will no longer be required to verify the continued eligibility of a statistically valid sample of their Lifeline customers. [Old Section 54.409(c)].

Information collection requirements being consolidated:

In the Commission's attempt to consolidate information collections and reduce the number of active information collections, the Commission is extracting and merging the following low-income requirements contained in the OMB-approved 3060-0774 into to this collection:

- 47 C.F.R. § 54.101(c) – Demonstration of exceptional circumstances for toll-limitation grace period
- 47 C.F.R. § 54.403 – Certifications Required by 47 C.F.R. § 54.403
- 47 C.F.R. §§ 54.405 and 54.411 – Carrier Publicizing of Lifeline and Link Up Services.
- 47 C.F.R. § 54.407(c) – Lifeline Recordkeeping
- 47 C.F.R. §§ 54.409 and 54.419 – Consumer qualification for Lifeline
- 47 C.F.R. § 54.409(c) – Consumer notification of Lifeline discontinuance
- 47 C.F.R. § 54.410(d) – Lifeline certification and plans
- 47 C.F.R. § 54.413(b) – Link Up recordkeeping
- 47 C.F.R. § 54.707 – Submission of state commission designation

Statutory authority is contained in sections 1, 4(i), 201-205, 214, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 1, 4(i), 201-205, 214, 254, 403.

As noted on the OMB Form 83i, the changes proposed in the *2012 Lifeline Reform Order* affects individuals or households, and thus, there are impacts under the Privacy Act. As required by the Privacy Act of 1974, as amended, 5 U.S.C. 552a, the Commission is creating a system of records notice (SORN) to cover the collection, storage, maintenance, and disposal (when appropriate) of any personally identifiable information that the ETC may collect as part of the information collection.

2. Use of Information. All the requirements contained herein are necessary to implement the congressional mandate for universal service. These reporting and recordkeeping requirements are necessary to ensure that only eligible subscribers receive support and that Eligible Telecommunications Carriers follow certain rules designed to protect low income consumers and the Universal Service Fund. The *2012 Lifeline Reform Order* is another step in the Commission's ongoing efforts to overhaul all of USF programs. The Order acts to eliminate waste and inefficiency in the program and to increase accountability.

3. Technological collection techniques. The FCC Form 497 will be available via the Administrator's website (www.usac.org) and ETCs can submit the form electronically. The Administrator will mail copies of the Form 497 to companies unable to access the website. The National Lifeline Accountability Database (duplicates database) will be accessed and updated via the web. Carriers may also provide subscriber data via a batch process or via discs supplied to USAC. The electronic signature section of the rules will allow ETCs to communicate with subscribers not only on paper but by phone and text.

4. Efforts to identify duplication. There will be no duplication of information. The Commission has taken the initiative to reduce the number of collections, extracting requirements from 3060-0774 into this collection avoiding any duplication of 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 has revised and increased the recordkeeping requirements in this collection and that previously stated in 3060-0774 as stated in Item 7.

5. Impact on small entities. The collections of information may affect small entities as well as large entities. In conformance with the Paperwork Reduction Act of 1995, the Commission is making an effort to minimize the burden on all respondents, regardless of size. The Commission has limited the information requirements to those which are necessary to verify eligibility for low-income support and compliance with the low income program.

6. Consequences if information is not collected. The information collected is used to determine the consumer eligibility for Lifeline and to calculate low-income universal service support. Without the requested information, ineligible subscribers could receive support from the Fund along with subscribers who do not even use the supported service. Moreover, without the new rules, ETCs could serve the same subscriber with Lifeline, resulting in duplicative program payments. Finally, failing to collect the information would prevent the Commission from implementing section 254 of the Act and may make it difficult for the Commission to ensure that only eligible consumers receive Lifeline service and eligible carriers receive reimbursements from the low-income fund.

7. Special circumstances. For the duplicates database to effectively provide a means to ETCs to determine if prospective subscribers are already receiving Lifeline support, data must be provided to the database as quickly as possible. We therefore require that ETCs provide the database with the following information from subscribers: name, address,

phone number, the last four digits of Social Security number, and date of birth. ETCs must update the duplicates database within 10 business days of receiving notice of a change in subscriber data that is housed in the database and ETCs must update the duplicates database within one business day of de-enrollment of a subscriber so that a new provider would have the ability to serve that subscriber. In addition to the foregoing, in the *2012 Lifeline Reform Order* we shift the method of reimbursement for Lifeline services from projected to actuals. For carriers to receive reimbursements on a monthly basis, they must file their Form 497s monthly. Notwithstanding the foregoing, carriers are not required to file the Forms every month, they may do so quarterly, but will only be paid one lump sum should they choose to do so.

8. *Federal Register notice; efforts to consult with persons outside the Commission.* The Commission is seeking a waiver of the 60 day notice pursuant to 5 CFR 1320.8(d) due to the emergency nature of this request. However, the Commission published a 30 day notice announcing that the Commission was seeking emergency approval in the Federal Register on March 6, 2012 (77 FR 13319). Upon OMB approval of this emergency request, the Commission will conduct all the regular OMB processes to obtain the three year clearance from the OMB.

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. REVISED Form 497:

- (1) Number of Respondents: Approximately 940 ETCs.
- (2) Frequency of Response: Monthly and on occasion reporting requirements. The Commission estimates that it takes 2.5 hours to complete the FCC Form 497.
- (3) Annual hour burden per respondent: 30 hrs annually (12 mos. x 2.5 hours per mo.). Total annual reporting burden is **28,200 hours** (940 ETCs x 12 mos. x 2.5 (hours to prepare each monthly submission)).
- (4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$1,128,000.

(5) Explanation of calculation: 28,200 burden hours for all ETCs x \$40 per hour = 1,128,000.

b. Annual Reporting Requirements:

(1) Number of Respondents: Approximately 940 ETCs.

(2) Frequency of Response: Annually.

(3) Annual hour burden per respondent: 3 hrs annually. Total annual reporting burden is **2,820 hours** (940 ETCs x 3 hours).

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$112,800.

(5) Explanation of calculation: 2,820 burden hours for all ETCs x \$40 per hour = \$112,800.

c. REVISED Certification of Eligibility Open Enrollment:

(1) Number of Respondents: 940 ETCs. This new certification requirement, along with documentation applies only to new subscribers. We estimate that there will be approximately 5 million new Lifeline subscribers who sign up for Lifeline in 2012 (4 million who sign up by presenting documentation and 1 million whose eligibility can be verified electronically).

(2) Frequency of Response: At initiation for new Lifeline service.

(3) Annual hour burden per respondent: For subscribers whose eligibility can be verified through a database, we estimate that the ETC representative will take no longer than .33 hours (20 minutes) to query any applicable database (1,000,000 subscribers x .333 hours = 333,000 hours) and the subscribers will take .25 hours (15 minutes) to complete the certification form (1,000,000 subscribers x .25 hours = 250,000 hours). For subscribers whose eligibility must be determined through documentation. We estimate that it will take ETCs 1 hour to review the subscriber's documentation of eligibility (4,000,000 subscribers x 1 hour = 4,000,000 hours). In addition, we estimate that it will take these subscribers approximately 30 minutes to fill out the certification form (4 million subscribers x .5 hours = 2,000,000 hours.) Therefore, the total annual burden is **2,250,000 hours for subscribers and 4,333,000 hours for ETCs.**

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$175,570,000

(5) Explanation of calculation: We estimate the cost to Lifeline consumers to retrieve and provide the required documentation and complete the certification form is \$1 per hour (2,250,000 x \$1 = \$2,250,000). In addition, we estimate it will cost the ETC staff \$40 per hour to sign the subscriber up for Lifeline (4,333,000 hours x \$40 = 173,320,000).

d. REVISED Verification of Continued Eligibility (Annual Recertification of Consumer Eligibility):

(1) Number of Respondents: Fewer than 13,500,940. ETCs are required to confirm the eligibility of all Lifeline subscribers on an annual basis. We estimate that there are approximately 13.5 million Lifeline subscribers and

that 3 million can be re-certified using a database, leaving 10.5 million to re-certified through a paper, phone or text process. There are approximately 940 ETCs to whom these requirements apply.

(2) Frequency of Response: Annual reporting requirement.

(3) Annual hour burden per respondent: ETCs may confirm eligibility of their subscribers by querying a database maintained for that purpose. If such a database is not available, ETCs must collect signed certifications from subscribers attesting to their continued eligibility, which can be done by phone and text. We estimate that it will take Lifeline subscribers 30 minutes (.5 hours) to read and sign a certification (10.5 million subscribers x .5 hours = 5,250,000 hours). Similarly, we estimate that the ETC officer will take no longer than 45 minutes (.75 hours) to contact each subscriber and track response (.75 hours x 10.5 million = 7,875,000 hours). In addition, we estimate it will take no more than 15 minutes (.25 hours) for ETCs to query eligibility databases to re-certify eligibility (3 million subscribers x .25 hours = 750,000 hours).

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$350,250,000.

(5) Explanation of calculation: We estimate the cost to Lifeline consumers to read and sign the required documentation, if any, provided by the ETC is \$1 per hour (5,250,000 hours x \$1 = \$5,250,000). In addition, we estimate it will cost the ETC staff \$40 per hour to either query the necessary database (\$40 x 750,000 hours = \$30,000,000) or review the subscriber verifications (\$40 x 7,875,000 hours = \$315,000,000).

e. **REVISED Resolution of Duplicative Lifeline Claims:**

(1) Number of Respondents: Less than 25 ETCs total but not all ETCs will be subject to duplicate resolution process.

(2) Frequency of Response: Every two months.

(3) Annual hour burden per respondent: **36 hours** annually (3 hours per month to report the subscriber detail for Lifeline consumers to USAC plus 3 hours per month to process de-enrollment = 6 hours per month x 6 months).

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$36,000.

(5) Explanation of calculation: 36 hours annually x 25 ETCs x \$40 per hour = \$36,000.

f. **REVISED 47 C.F.R. § 54.417 Lifeline Recordkeeping:**

(1) Number of Respondents: Approximately 940 ETCs.

(2) Frequency of Response: Annually (recordkeeping). Each ETC must keep records verifying the eligibility of a recipient for low-income support for as long as the recipient continues to receive supported service and ten years after support is terminated. Additionally, an ETC must retain the FCC Form 497 for five years.

(3) Annual hour burden per respondent: 1 hour annually to maintain records. The total annual reporting burden is **940 hours**.

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$37,600.

(5) Explanation of calculation: 940 ETCs x 1 hour annually x \$40 per hour = \$37,600.

g. Maintenance of National Lifeline Accountability Database:

(1) Number of Respondents: 940 ETCs.

(2) Frequency of Response: daily or monthly.

(3) Annual hour burden per respondent: **96 hours** (we estimate it will take each ETC 8 hours to interface each month with the duplicates database x 12 months).

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$ 3,609,600.

(5) Explanation of calculation: 96 hours x \$40 per hour x 940 ETCs = \$3,609,600.

h. Payment Of Low-Income Support:

(1) Number of Respondents: 940 ETCs.

(2) Frequency of Response: Monthly.

(3) Annual hour burden per respondent: 1.5 hours per response x 12 months = 18 hours per year per respondent. Total burden hours for all respondents are **16,920 hours** (18 hours x 940 ETCs).

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$676,800.

(5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to compile the requisite information and prepare the report. 16,920 total hours x \$40 pr hour = \$676,800.

i. Subscriber Usage:

(1) Number of Respondents: Approximately 40 ETCs who do not charge a monthly fee (serving approximately 8 million pre-paid consumers).

(2) Frequency of Response: Every 90 days and annual reporting requirement.

(3) Annual hour burden per respondent: Fifteen minutes (.25 hours) to contact those subscribers who do not use their Lifeline service. We estimate that approximately 25% of the 8 million pre-paid consumers do not use the Lifeline service (2 million subscribers). .25 hours x 2 million consumers = **500,000 hours**. (Note: costs associated with reporting requirements, updating the database, and de-enrolling subscribers for non-use are included in 12.a and 12.h, above).

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$20,000,000.

(5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to contact their subscribers. \$40 per hour x 500,000 hours = \$20,000,000.

j. Audit Requirements:

- (1) Number of Respondents: Approximately 15 first-year ETCs must comply with new audit requirements
- (2) Frequency of Response: For first-year ETCs, once
- (3) Annual hour burden per respondent: **40.05** total hours for the ETCs subjected to a first year audit (2.67 hours per ETC).
- (4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$1,602.
- (5) Explanation of calculation: \$1,602 (15 ETCs x 2.67 hours for first year audit x \$40 per hour = \$1,602)

k. Facilities Based Requirements:

- (1) Number of Respondents: Approximately 40 ETCs
- (2) Frequency of Response: One time reporting requirement.
- (3) Annual hour burden per respondent: 50 hours. We estimate that ETCs who want to take advantage of blanket forbearance will take 50 hours to prepare and file their compliance plans. The total annual burden for all applicable ETCs is **2,000 hours**.
- (4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$80,000.
- (5) Explanation of calculation: 40 ETCs x 50 hours x \$40 per hour for ETC work = \$80,000.

l. Designation of ETCs:

- (1) Number of Respondents: Approximately 75 Lifeline-only ETCs.
- (2) Frequency of Response: One time, upon designation as an ETC.
- (3) Annual hour burden per respondent: We estimate it will take a carrier seeking ETC designation 1 hour to compile the requisite information to demonstrate its technical and financial capacity to provide the supported services and that it will comply with the service requirements applicable to the support it receives. The total burden for all carriers seeking such designation is **75 hours**. We included our estimate of the time it will take ETCs to compile the requisite information and report its Lifeline plans for voice telephony service to the Commission and Administrator in the calculation for Annual Reporting Requirement, section 12.b. above.
- (4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$3,000.
- (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to compile the information and prepare the appropriate reports. 75 ETCs x 1 hour x \$40 per hour = \$3,000.

m. Broadband Pilot Program Applicants:

- (1) Number of Respondents: Approximately 40 ETCs.
- (2) Frequency of Response: One time reporting requirement.
- (3) Annual hour burden per respondent: **50 hours** for submitting pilot proposal. This is not an annual burden but rather a one time burden.

- (4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$80,000
- (5) Explanation of calculation: We estimate it will cost responding parties \$40 per hour to prepare the submissions. 50 hours x 40 respondents x \$40 per hour = \$80,000.

Total no. of burden hours for items a – m = 21,102,135.

Note: The total no of respondents & responses will differ slightly since some reporting is done by the ETC only, respondents only or both, and the frequency of responses vary from one-time, monthly, quarterly, biennially or annually. One-time reporting by respondents was computed as once annually for estimation purposes.

13. *Estimates of the cost burden of the collection to respondents.*

- a. Total capital start-up costs component annualized over its expected useful life: \$0. The collections will not require the purchase of additional equipment.
- b. Total operation and maintenance and purchase of services component: \$0. The collections will not result in operating or maintenance expenses.

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 administers the program.

15. *Program change or adjustment.* This is a revised collection. The public burden for the collections proposed herein is 21,102,135 burden hours which resulted in a program change increase of 21,040,749 burden hours since the last submission. The program change is due to proposed changes in the Lifeline program affecting collections and estimates previously reported in Item 12. Since the last submission, the number of ETCs has decreased from 1,400 to approximately 940; the number of Lifeline subscribers has increased to 13.5 million (the last submission estimated 250,000 subscribers in federal default states).

16. *Collections of information whose results will be published.* Non-confidential information may be made public through reports from the universal service Administrator for the Commission, 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 continued approval not to display the expiration date of OMB approval on the form. Display of the expiration date would not be in the Commission's interest because we would have to destroy all unused forms displaying and expiration date and have to update the electronic copy each time this collection was submitted to OMB for review and approval. This would constitute waste and would not be cost effective.

18. *Exception to the certification statement for Paperwork Reduction Act submissions (Item 19 of OMB Form 83-I).* There are exceptions to the Certification Statement. The Commission sought a waiver of the 60 day notice requirement due to the emergency nature of this request. There is an error in the total annual burden hours requested in the 30 day notice. Upon OMB approval of this emergency request, the Commission will conduct all the regular OMB processes including publication of a 60 day notice to solicit public comment.

B. Collections of Information Employing Statistical Methods:

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