

## SUPPORTING STATEMENT

On October 27, 2011, the Commission adopted a *Report and Order and Further Notice of Proposed Rulemaking* (the "*Order*") in 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. The *Order* adopted rule changes eliminating the requirement for price-cap regulated carriers and competitive carriers to file cost or loop count data. Specifically, the revisions to this information collection are being removed from this submission because the Commission's rules in 47 C.F.R. § 36.601 and 47 C.F.R. § 54.307 no longer require price-cap regulated carriers and competitive carriers to submit this data.

The Commission is revising this information collection and submitting it to the Office of Management and Budget in order to obtain the three year approval.

### **A. Justification:**

1. In order to determine which carriers are entitled to universal service support, all rate-of-return regulated (rate-of-return) incumbent local exchange carriers (LECs) must provide the National Exchange Carrier Association (NECA) with the loop cost and loop count data required by section 36.611 for each of its study areas and, if applicable, for each wire center as that term is defined in 47 CFR Part 54. See 47 C.F.R. §§ 36.611 and 54.5. Loops are the telephone lines running from the carriers' switching facilities to the customer. The loop cost and loop count information is to be filed annually with NECA by July 31<sup>st</sup> of each year, and may be updated quarterly pursuant to section 36.612. See 47 C.F.R. § 36.612. Pursuant to section 36.613, the information filed on July 31<sup>st</sup> of each year will be used to calculate universal service support for each study area and is filed by NECA with the Commission on October 1 of each year. See 47 C.F.R. § 36.613. An incumbent LEC is defined as a carrier that meets the definition of "incumbent local exchange carrier" in section 51.5 of the Commission's rules. See 47 C.F.R. § 51.5.

The Commission requires that non-rural carriers submit quarterly loop counts in order to ensure that universal service fund (USF) support for non-rural carriers is accurately calculated when competitive eligible telecommunications carriers (ETCs) are present in the incumbent LECs' operating areas. Quarterly loop cost and loop count data filings are voluntary for rate-of-return carriers.

As noted on the OMB Form 83i, this information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

This submission is being made pursuant to authority contained in sections: 47 USC §§ 151, 154(i) and (j), 221(c) and 410 (c) of the Communications Act of 1934, as amended.

2. The requirements contained herein are necessary to implement the congressional mandate for universal service. The reporting requirements are necessary to verify that non-rural and rural LECs are eligible to receive universal service support. Information filed with NECA pursuant to section 36.611 is used to calculate universal service support payments to eligible carriers. Without this information, NECA and Universal Service Administration Company (USAC) would not be able to calculate such payments to eligible carriers.
3. There is currently no improved technology to reduce the burden of collection. Nothing in Part 36 or Part 54 precludes the use of improved information technology.
4. There will be no duplication of information filed. There is no similar information already available.
5. The burden has been minimized for all respondents as much as possible. Section 254 (b) of the Communications Act 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 collections of information may affect small entities as well as large entities.
6. Failing to collect the information, or collecting it less frequently, would prevent the Commission from carrying out its mandate. Sections 36.611 and 36.612 require the submission of data by the local telephone companies to NECA and USAC. If the data submissions were collected less frequently, the fund administrator would not be able to calculate universal service payments.
7. There are no such special circumstances.
8. A 60 day notice was published in the Federal Register pursuant to 5 C.F.R. § 1320.8 (d). See 77 FR 42728, dated July 20, 2012. No PRA comments were received.
9. The Commission does not anticipate providing any payment or gift to respondents.
10. No assurance of confidentiality has been given regarding the information. However, respondents may request materials or information submitted to the Commission be withheld from public inspection under 47 C.F.R. § 0.459 of the FCC's rules.
11. There are no questions of a sensitive nature with respect to the information being collected.
12. The following represents the estimates of our burden of the collection of information:

a. Sections 36.611 and 36.612:

(1) Number of respondents: 1,162 (This is the number of unique respondents, i.e., carriers that file both annual reports and quarterly submissions are not counted twice.)

(2) Frequency of Response: Annually and quarterly reporting requirements.

(3) Annual hour burden: 22 hours per response for annual and quarterly loop costs filings. 5 hours per response for quarterly line count data filings.

(4) How the burden was estimated: It will take approximately 22 hours per respondent to provide the loop cost and loop count information required by Section 36.611. Our estimates assume that 1,438 rate-of-return incumbent carriers will submit the annual loop costs and loop count data. We estimate that approximately 140 rural carriers will provide voluntary quarterly loop cost data each quarter pursuant to section 36.612. We calculated the quarterly burden for the incumbent carriers for only three quarters because the fourth quarter is the annual filing. The total annual burden is 34,804 hours. The hour burden for each carrier is not expected to vary widely because of differences in activity, size, or complexity.

Burden hours:

All incumbent rate-of-return carriers annual filing:  $1,162 \times 22 \text{ hours} = 25,564 \text{ hours}$

Rate-of-return carriers voluntary quarterly filings:  $140 \times 22 \text{ hours} \times 3 \text{ filings} = 9,240 \text{ hours}$ .

Total burden hours:  $25,564 + 9,240 = \mathbf{34,804 \text{ total annual burden hours}}$ .

Number of responses:

All incumbent carriers' annual filing: 1,162

Rate-of return carriers' voluntary quarterly filings:  $140 \times 3 \text{ filings} = 420$ .

Total number of responses:  $1,162 + 420 = \mathbf{1,582 \text{ total annual responses}}$ .

(5) Estimates of annualized in-house cost to respondents for the hour burdens for collections of information:

All incumbent carriers annual filing:  $1,162 \times \$55/\text{hour} \times 22 \text{ hours} = \$1,406,020$

Rate-of-return carriers voluntary quarterly filings:  $140 \times \$55/\text{hour} \times 22 \text{ hours} \times 3 = \$508,200$

Total annualized in-house cost to respondents:  $(\$1,406,020 + \$508,200) = \$1,914,220$ .

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

a. Sections 36.611 and 36.612:

(a) Total capital and start-up cost component (annualized over its expected useful life): The requirement will not require the purchase of additional equipment.

(2) Total operation and maintenance and purchase of services component: \$0.

14. There will be few, if any, costs to the Commission because an outside party administers the program and review and oversight are already part of the Commission's duties. Staff will evaluate data submitted by the fund administrator once received. The Commission will utilize its current staff to examine the plans.

15. The Commission is reporting a program change of -36,479 in annual burden hours. This program change is due to Commission rule changes adopted in FCC 11-161 and no longer require price-cap regulated carriers and competitive carriers to file loop count data. The annual public burden for the information collections contained in this submission is now **34,804** total annual burden hours. As a result of eliminating this requirement, the Commission is also reporting a decrease in the number of respondents (835) and a decrease in the number of responses (5,980).

16. The information will not be published.

17. The Commission does not intend to seek approval not to display the OMB expiration date for OMB approval of the information collection.

18. There are no exceptions to item 19 on the OMB 83i.

**B. Collections of Information Employing Statistical Methods:**

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