

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 for a revision of this information collection adopting the public reporting, recordkeeping and third party disclosure requirements contained 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 on April 13, 2012 are labeled as "revised" and can be found in Items A.1, 12.e, k, l, p, q and 15 of this supporting statement. As referenced in the Terms of Clearance of the Notice of Office of Management and Budget Action for this collection, dated April 13, 2012, the FCC is submitting for approval the biennial audit requirement (47 C.F.R. § 54.420(a)), which was previously removed from the collection for OMB review.

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 their Lifeline/Link Up subscribers eligibility for the program and to verify a portion 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 a portion of their subscribers' continued eligibility for Lifeline. Prior to the recent Lifeline Reform Order, ETCs operating in the federal default states were required to sample their subscribers and report the results to USAC.

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.

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 *2012 Lifeline Reform Order*, the Commission took actions to address waste in the Universal Service Fund. In revising this information collection, the Commission seeks OMB approval to extend currently approved requirements and to revise this information collection as set forth below.

Requirements proposed in this information collection:

FCC Form 497. Pursuant to Section 54.403, the Form 497 reflects a flat rate for reimbursement for non-Tribal Lifeline support and adjusts the amount for Toll Limitation Service (TLS) support. ETCs are required to provide this information when submitting the FCC Form 497s for reimbursement and stating, pursuant to Section 54.403 and 54.407, that it has passed through the support received to the qualifying low-income consumer, that it is in compliance with all of the rules of the subpart, and to the extent required, has obtained valid certification and recertification forms from each of the subscribers for whom it is seeking 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 Section 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). Pursuant to 47 C.F.R. § 54.422(a), ETCs providing Lifeline services to low-income consumers must include this information in their annual reports to the Commission. In addition, the same rule 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.

Certification of Eligibility Upon Enrollment. Pursuant to 47 C.F.R. § 54.410(a)-(c), ETCs (or the state administrator, where applicable) are required 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, new Lifeline subscribers are required to provide documentation of program-based eligibility, which the entity enrolling the subscriber should review (but not retain). A prospective Lifeline consumer living at an address with another Lifeline subscriber is required to complete a worksheet provided by the carrier or state where the consumer can attest that he or she is part of a separate household. Pursuant to 47 C.F.R. § 54.410(d), the ETC (or the state administrator, where applicable) must collect on a certification form certain information from qualifying low-income consumers, including:

- Primary residential address and billing address, if different from the residential address and temporary address if applicable;
- 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.

Pursuant to 47 C.F.R. § 54.410(e), to the extent that a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's eligibility for Lifeline, that entity must provide each ETC with a copy of each of the certification forms it collects from that ETC's subscribers.

Notification of Change of Residential Address. Pursuant to 47 C.F.R. § 54.410(d)(3)(iii), Lifeline consumers have 30 days from moving to a new address within which to notify their respective ETCs of the change of residential address.

Verification of Continued Eligibility (now referred to as Annual Recertification of Consumer Eligibility) and Revised Annual Re-Certification Form. 47 C.F.R. § 54.410(f) requires ETCs to confirm the eligibility of all their Lifeline subscribers on an annual basis.² 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. Carriers have the flexibility in the manner in which they perform subscriber re-certification. For example, they can use an interactive voice response unit or texting as a means to collect the information necessary to satisfy 47 C.F.R. § 54.410(f). This 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).

Pursuant to 47 C.F.R. § 54.416(b), that, 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 on the Annual Lifeline Eligible Telecommunications Carrier Certification Form 555 to the Commission and the Administrator and the relevant state commission or Tribal government (where applicable). To provide information to the Commission regarding the extent to which ineligible subscribers may have been receiving service, the Commission requires ETCs to separately report on Form 555 the number of subscribers that did not respond to the re-certification request and those that responded that they are not eligible to receive Lifeline. To assist in ETC audits, the Commission also requires ETCs to report on Form 555 the number of subscribers claimed on their June 2012 FCC Form 497 who de-enrolled prior to re-certification. On that same form, pursuant to 47 C.F.R. § 54.416(a), an officer of the ETC must make annual certifications regarding its certification procedures and that the ETC has processes in place to ensure that its subscribers are eligible. 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.

Resolution of Duplicative Claims. USAC is required 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. The Commission required the development of a national database to detect and eliminate duplicative Lifeline and

² General Communications, Inc. (GCI) filed a petition seeking clarification as to whether the annual recertification rule (54.410(f)) requires recertification of individual subscribers once per calendar year or once every twelve months. The Wireline Competition Bureau released a public notice on October 23, 2012 that seeks public comment on this issue and expects to resolve the issue in early 2013 after the comment cycle closes.

Link Up support. Pursuant to 47 C.F.R. § 54.404, ETCs are required to 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.

This information collection also contains requirements with respect to maintaining the duplicates database. Pursuant to Section 54.404(b)(8), when notified of any change of subscriber information, ETCs are required to update the duplicates database within 10 business days. In addition, pursuant to Section 54.404(b)(10). 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. We also accelerate USAC's payment of low-income support for carriers filing the FCC Form 497 electronically by a monthly deadline.

Subscriber Usage. Pursuant to 47 C.F.R. § 54.405(e)(3), pre-paid ETCs offering service to subscribers for free are required 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. ETCs must report the number of consumers de-enrolled on their annual re-certification filing.

Electronic Signature. Pursuant to 47 C.F.R. § 54.419, ETCs and state agencies are permitted 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.

Revised Marketing & Outreach. Pursuant to 47 C.F.R. § 54.405(c), all ETCs are required to include plain, easy-to-understand language in all of their Lifeline marketing materials to explain to consumers that the offering is a Lifeline-supported service; that Lifeline is a government assistance program; that only eligible consumers may enroll in the program;

what documentation is necessary for enrollment; and that the program is limited to one benefit per household, consisting of either a wireline or wireless service. Additionally, ETCs are required to disclose the company name under which it does business and the details of its Lifeline service offerings in its Lifeline-related marketing and advertising. ETCs are required to explain that Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program. To provide ETCs with the flexibility to market their Lifeline-supported services in creative and innovative ways that are the most efficient and cost effective for them, the Commission declined to mandate model language for ETCs to include on their materials.

Revised Audit Requirements. USAC is required to revise its existing oversight program (the Beneficiary Compliance Audit and Payment Quality Assurance programs) in light of the new rules. Pursuant to 47 C.F.R. § 54.420(b) USAC is required 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.

Pursuant to 47 C.F.R. § 54.420(a), ETCs drawing more than an aggregate of \$5,000,000 annually from the Lifeline fund, on a holding company basis, must conduct biennial independent audits and present audit reports to the Administrator, the Commission, and any applicable state or Tribal government agency within 90 days of the issuance of the audit report. The Commission selected \$5,000,000 as the threshold so as to subject those carriers that collectively draw the vast majority (over 90 percent) of Lifeline funding to the this new requirement, while not imposing additional compliance costs on carriers who collectively draw less than 10 percent of annual funding, many of whom are smaller providers. If there are no material findings in a carrier's first independent audit, the Wireline Competition Bureau has the authority to relieve the ETC of its obligation to perform the biennial audits going forward.

Facilities-Based Requirements. Each carrier that seeks to take advantage of the Commission's decision to forbear from applying the Act's facilities requirement of Section 214(e)(1)(A) and seek limited ETC designation to participate in the Lifeline program, 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.

Requirements for Designation of ETCs. Section 54.202 requires carriers seeking to be designated as a Lifeline-only ETC to demonstrate their technical and financial capacity to provide the supported services. Additionally, pursuant to Section 54.202, every ETC receiving low-income support must annually provide to the Commission and USAC general information regarding their Lifeline plans for voice telephony service offered specifically for low-income consumers. Finally, a carrier seeking to be designated as an ETC must certify that it will comply with the service requirements applicable to the support that it receives.

Broadband Pilot Program Public Notice Calling for Applications. The broadband pilot program is 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. The Wireline Competition Bureau issued a Public Notice on April 30, 2012 calling for pilot proposals. Those proposals are due July 2, 2012.

Revised Low Income Broadband Reimbursement Form. The Commission authorized up to \$25,000,000 for funding of the Broadband Pilot Program to be disbursed directly to ETCs for up to 12 months of subsidized broadband service either through bundles of voice and broadband services or as standalone broadband service. To receive reimbursement for approved subsidies, ETCs selected to participate in the Broadband Pilot Program will have to complete the Low Income Broadband Reimbursement Form on a monthly basis and submit to USAC: (i) any monthly discount of broadband service, (ii) applicable discount amount for voice telephony service if the broadband subscriber is also subscribing to voice telephony service under the Lifeline program, and (iii) any non-recurring fees for broadband provided to subscribers participating in the Pilot Program and approved as part of the pilot project.

Revised Low Income Broadband Pilot Program Reporting Form. ETCs selected to participate in the Pilot Program are required to commit to data gathering and sharing of subscribers' anonymized data. USAC will be tasked with collecting data from ETCs regarding the ETCs' projects, and subscriber demographics and broadband usage pursuant to a uniform set of questions set forth in the Low Income Broadband Pilot Program Reporting Form. ETCs may collect the data from subscribers themselves and submit to USAC, or may request that USAC collect the subscriber data directly from ETCs' subscribers through an electronic, online survey.

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 and 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 will create a system of records notice (SORN) to cover the collection, storage, maintenance, and disposal (when appropriate) of any personally identifiable information that the Commission 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, Annual Lifeline Eligible Telecommunications Carrier Certification Form, Low Income Broadband Reimbursement Form, Low Income Broadband Pilot Reporting Form 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, Annual Lifeline Eligible Telecommunications Carrier Certification Form, Low Income Broadband Reimbursement Form, Low Income Broadband Pilot Reporting Form 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. 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, multiple 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 Lifeline subscribers: name, address, phone number, the last four digits of Social Security number, date of birth, means of qualification, Lifeline service initiation date, whether Link Up was sought on Tribal

lands, Lifeline service termination date and amount of support sought. 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.

Pursuant to 5 CFR section 1320.8(d), the Commission published a notice in the Federal Register to solicit public comment on the revised collection on July 2, 2012 (77 FR 39241). No PRA comments were received.

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. If the Commission requests information that the respondents believe is confidential, respondents may request confidential treatment of such information under section 0.459 of the Commission's rules. 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. **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: Annual reporting requirement.
- (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. **Certification of Eligibility Upon 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 5,000,000 new Lifeline subscribers who sign up for Lifeline annually (4,000,000 who sign up by presenting documentation and 1,000,000 whose eligibility can be verified electronically). Of the 5,000,000 who sign up for Lifeline, we estimate that 1,000,000 of them may live at an address where someone else may already have Lifeline service and may be required to fill out a one per household worksheet.
- (2) Frequency of Response: Once for new Lifeline service.(3)
- (3) Annual hour burden per respondent: For subscribers whose eligibility can be verified through a database, we estimate that the ETC representative or a state (where applicable) 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 and maintain a record of the certification form and one per household worksheet where applicable (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 (4,000,000 subscribers x .5 hours = 2,000,000 hours). We also estimate that it will take 1,000,000 subscribers 15 minutes (.25 hours) to fill out the one per household worksheet, for a total of 250,000 hours. Therefore, the total annual burden is **2,500,000 hours for subscribers and 4,333,000 hours for ETCs (2,500,000 + 4,333,000 = 6,833,000 total annual hours.**
- (4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$175,820,000
- (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 (2,500,000 x \$1 = \$2,500,000). 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. Verification of Continued Eligibility (Annual Recertification of Consumer Eligibility):

(1) Number of Respondents: Fewer than 16,100,940. ETCs are required to confirm the eligibility of all Lifeline subscribers on an annual basis. We estimate that there are approximately 16,100,000 Lifeline subscribers and that 3,500,000 can be re-certified using a database, leaving 12,600,000 to be 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 (12,600,000 subscribers x .5 hours = 6,300,000 hours). Similarly, we estimate that the ETC officer will take no longer than 45 minutes (.75 hours) to contact each subscriber and obtain a response (.75 hours x 12,600,000 = 9,450,000 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 (3,500,000 subscribers x .25 hours = 875,000 hours).

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$419,300,000.

(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 (6,300,000 hours x \$1 = \$6,300,000). In addition, we estimate it will cost the ETC staff \$40 per hour to either query the necessary database (\$40 x 875,000 hours = \$35,000,000) or review the subscriber verifications (\$40 x 9,450,000 hours = \$378,000,000).

e. Revised Annual Reporting of Subscriber Recertification, FCC Form 555:

(1) Number of Respondents: Approximately 940 ETCs.

(2) Frequency of Response: Annual reporting requirement.

(3) Annual Hour Burden Per Respondent: We estimate that it will take each ETC 15 hrs annually to compile the re-certification form and submit it to USAC. Total annual reporting burden is 14,100 (940 ETCs x 15 hours).

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$564,000

(5) Explanation of calculation: 940 ETCs x 15 hours annually x \$40 per hour = \$564,000

f. 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 = 900 burden hours. 900 hours x \$40 per hour = \$36,000.

g. ***47 C.F.R. § 54.417 Lifeline Recordkeeping:***

(1) Number of Respondents: Approximately 940 ETCs.

(2) Frequency of Response: Annual reporting requirement.

(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.

- h. **Maintenance of National Lifeline Accountability Database:**
- (1) Number of Respondents: 940 ETCs.
 - (2) Frequency of Response: daily or monthly reporting requirement.
 - (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: 8 hours x 12 months x 940 ETCs = 90,240 burden hours. 90,240 hours x \$40 per hour = \$ 3,609,600
- i. **Payment Of Low-Income Support:**
- (1) Number of Respondents: 940 ETCs.
 - (2) Frequency of Response: Monthly reporting requirement.
 - (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.
- j. **Subscriber Usage:**
- (1) Number of Respondents: Approximately 40 ETCs who do not charge a monthly fee (serving approximately 8,000,000 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 8,000,000 pre-paid consumers do not use the Lifeline service (2,000,000 subscribers). .25 hours x 2,000,000 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.
- k. **Revised Marketing and Outreach.**
- (1) Number of Respondents: 940 ETCs.
 - (2) Frequency of Response: Once and on occasion reporting requirement.

(3) Annual hour burden per respondent: 30 hours once to update existing marketing materials. Fifteen minutes (.25 hours) on occasion to include required language on new material. (30.25 hours x 940 = **28,435 hours**.)

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$1,137,400

(5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to update their marketing materials. 940 respondents x 30.25 hours per respondent = 28,435 burden hours. 28,435 hours x \$40 per hour = \$1,137,400

l. **Revised Audit Requirements:**

(1) Number of Respondents: Approximately 39 ETCs (15 first-year ETCs must comply with new audit requirements; 24 ETCs, those drawing more than \$5,000,000 from the low-income fund, must conduct biennial independent audits).

(2) Frequency of Response: For first-year ETCs, once; for ETCs drawing more than \$5,000,000 from the Fund, biennially unless directed by the Commission.

(3) Annual hour burden per respondent: **40** total hours for the ETCs subjected to a first year audit (2.67 hours per ETC); **3,000** total hours for the 24 ETCs conducting biennial audits every 2 years (250 hours per ETC per audit).

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$601,602

(5) Explanation of calculation: \$1,602 (15 ETCs x 2.67 hours for first year audit x \$40 per hour = \$1,602) + \$600,000 (24 ETCs x 250 hours for biennial audit x 0.5 audits per year x \$200 per hour, which is the average cost for independent, outside auditor= 600,000) = \$601,602.

m. **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.

n. **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.

o. **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.

p. **Revised Low Income Broadband Reimbursement Form, FCC Form 550**

(1) Number of Respondents: We estimate that there may be approximately 15 ETCs selected to participate in the Pilot Program.

(2) Frequency of Response: Monthly for 12 months.

(3) Annual hour burden per respondent: We estimate that it will take ETCs 2.5 hours to complete this form on a monthly basis which equals total annual reporting burden of **450 hours** (2.5 hours x 12 months x 15 ETCs = 450)

(4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$18,000.

(5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to complete the forms (450 burden hours for all ETCs x 40 per hour = \$18,000).

q. **Revised Low Income Broadband Pilot Program Reporting Form, FCC Form 560**

(1) Number of Respondents: We estimate that there may be approximately 15 ETCs selected to participate in the Pilot Program. We estimate that there will be approximately 50,000 subscribers participating in the Pilot Program (approximately 3,333 subscribers for each ETC).

(2) Frequency of Response: The ETC must submit information at the beginning of each project and quarterly during the project for a 12 month

period which totals 5 submissions for each ETC. If the ETC chooses to collect the subscriber information rather than directing USAC to collect, the subscriber information must be collected and submitted once at approximately 10 months after commencement of the ETC project when all subscribers have enrolled in the project, and at the end of the ETC project.

- (3) Annual hour burden per respondent for collection of information: For collection of project information, we estimate that it will take 15 ETCs .50 hours (30 minutes) to submit project information to USAC during the project (.50 hours x 5 submissions x 15 ETCs = **37.5 hours**). For collection of subscriber information, if the ETC chooses to collect subscriber information, we estimate that it will take ETCs .50 hours (30 minutes) to collect the subscriber information from each subscriber during the project (.50 hours x 50,000 subscribers = **25,000 hours**). We estimate that it will take subscribers .25 hours (15 minutes) to complete the survey questions during the project (50,000 subscribers x .25 hours = **12,500 hours**). Total Burden Hours = 37,538.
- (4) Total estimate of annualized cost to respondents for the burdens for collection of information: \$ 1,014,000.
- (5) Explanation of calculation: We estimate it will cost the ETCs participating in the Pilot Program \$40 per hour to prepare the 5 submissions of the ETC project information and submit to USAC (37.5 hours x \$40 per hour = \$1,500). In addition, we estimate it will cost the ETCs participating in the Pilot Program \$40 per hour to collect the subscriber information and submit to USAC (25,000 hours x \$40 = \$1,000,000). For subscribers to complete the information on the form, we estimate \$1 per hour (12,500 hours x 1 = \$12,500). Total cost = \$1,500 + \$1,000,000 + \$12,500 = \$1,014,000.

Total annual burden for items a – q = 24,185,658 hours.

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 24,185,658 burden hours which resulted in a program change increase of 3,083,523 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, and an increase in the number of subscribers. The program change also encompasses the addition of three new forms (FCC Forms 550, 555 and 560). Since the last submission, the number of ETCs has stayed the same at 940; the number of Lifeline subscribers has increased to 16,100,000 (the last submission estimated 13,500,000 subscribers).

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 all of the forms. Display of the expiration date would not be in the Commission's interest because we would have to destroy all unused forms displaying the 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.

B. Collections of Information Employing Statistical Methods:

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