

SUPPORTING STATEMENT

This information collection 3060-0986 is being submitted to obtain OMB approval for revised information collection requirements as a result of a recent order explained below. There is a change in burden (see item 12 of this supporting statement).

A. Justification:

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

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

In November 2011, the Commission adopted an order reforming its high-cost universal service support mechanisms. *Connect America Fund; A National Broadband Plan for Our Future; Establish Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109; GN Docket No. 09-51; CC Docket Nos. 01-92, 96-45; WT Docket No. 10-208, Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (*USF/ICC Transformation Order*); see also *Connect America Fund et al.*, WC Docket No. 10-90 et al., Third Order on Reconsideration, 27 FCC Rcd 5622 (2012); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 27 FCC Rcd 605 (Wireline Comp. Bur. 2012); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Fifth Order on Reconsideration, 27 FCC Rcd 14549 (2012); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 28 FCC Rcd 2051 (Wireline Comp. Bur. 2013); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, DA 13-1115 (Wireline Comp. Bur. rel. May 16, 2013). In its March 2012 supporting statement, the Commission implemented some of the information collections required by this order, but also noted that at a later date it planned to submit additional revisions or new collections for OMB review to address other reforms adopted in the order. This revision addresses those additional requirements.

There are no changes to the FCC Form 525, which is part of this information collection. New FCC Form 481 is added to this information collection for which we seek OMB approval. FCC Form 481 will collect information described below in sub-items h.-p. of item

12. FCC Form 481 will also collect information, already approved under OMB Control Number 3060-0819, that ETCs receiving low-income universal service support must include in their annual reports. The Commission developed FCC Form 481 in order to reduce the burden on ETCs subject to both high-cost and low-income reporting rules and so the information will be collected in a uniform format.

New and Revised Information Collection Requirements Submitted for Approval Under This Request (1-14 below):

Through the Connect America Fund, the Commission provides substantial amounts of funding to private entities in order to deploy advanced voice and broadband networks throughout the country. To ensure these funds are properly used, various reporting requirements are imposed on funding recipients. The reports, information, and certifications discussed in this section must be submitted annually to the Federal Communications Commission, the Administrator of the Universal Service Fund (the Universal Service Administrative Company or USAC), and the relevant state, Tribal, or territorial authorities. These requirements are in addition to other reporting requirements that OMB has previously approved.

Any recipient of high-cost support must report the following:

(1) 47 C.F.R. § 54.313(a)(1) (modified requirement). To accomplish its mission of deploying advanced networks throughout the nation, the Commission must know how support is being spent to improve the telecommunications infrastructure. The order requires that any carrier receiving high-cost support that has broadband obligations to file a five-year service quality improvement plan, and to file annually thereafter a progress report on its plan. The five-year plan must describe with specificity proposed improvements or upgrades to the carrier's network throughout its proposed service area. The carrier must estimate the area and population that will be served as a result of the improvements. The information shall be submitted at the wire center level or census block as appropriate. It is necessary and appropriate for the Commission to obtain such information from all ETCs, both federal- and state-designated, to ensure the continued availability of high-quality voice services and monitor progress in achieving our broadband goals and to assist the FCC in determining whether the funds are being used appropriately. These reporting requirements ensure that ETCs comply with the conditions of the ETC designation and that universal service funds are used for their intended purposes. They also help prevent carriers from seeking ETC status for purposes unrelated to providing rural and high-cost consumers with access to affordable telecommunications and information services. Competitive ETCs whose support is being phased down are not required to file new five-year plans, but must continue to file annual updates on any previously submitted five-year plan.

(2) 47 C.F.R. § 54.313(a)(7) (new requirement). The order seeks to ensure parity between urban and rural areas for broadband and voice rates. To accomplish this, the order adopts a rule requiring carriers to report pricing information for both voice and broadband offerings.

(3) 47 C.F.R. § 54.313(a)(8) (new requirement). To help the Commission reduce waste, fraud, and abuse, increase accountability in its universal service programs, and ensure compliance with various requirements that take into account holding company structure, the order requires that a support recipient report the holding company, operating companies, affiliates, and any branding (a “dba” or “doing-business-as company” or brand designation), for each such entity by Study Area Codes.

(4) 47 C.F.R. § 54.313(a)(10) (new requirement). To ensure parity between urban and rural rates, ETCs are required to submit a self-certification that the pricing of their voice services is no more than two standard deviations above the national average urban rate for voice services.

(5) 47 C.F.R. § 54.313(a)(11) (new requirement). ETCs are required to submit information and data required by 47 C.F.R. § 54.313(a)(1)-(7) separately broken out for both voice and broadband service. It is necessary and appropriate for the Commission to obtain such information from all ETCs, both federal- and state-designated, to ensure the continued availability of high-quality voice services and monitor progress in achieving the Commission’s broadband goals and to assist the FCC in determining whether the funds are being used appropriately. These reporting requirements ensure that ETCs comply with the conditions of the ETC designation and that universal service funds are used for their intended purposes. The Commission is not at this time seeking approval for the requirement that ETCs report information on any outage in the prior calendar year to its broadband service, as required by 47 C.F.R. § 54.313(a)(2). The Commission is not at this time seeking approval for the requirement in this section that ETCs submit the results of network performance tests.

In addition to the other reporting requirements contained in 47 C.F.R. §54.313(a), any recipient of high-cost support that serves Tribal lands must report the following additional information:

(6) 47 C.F.R. § 54.313(a)(9) (new requirement). To ensure the effective exchange of information that will lead to a common understanding between Tribal governments and ETCs on the deployment and improvement of communications on Tribal lands, to the extent an ETC serves Tribal lands, it is required to provide documents or information that the ETC engaged with Tribal governments.

In addition to the reporting requirements contained in 47 C.F.R. § 54.313(a), price cap carriers that receive frozen high-cost support must also provide the following additional information:

(7) 47 C.F.R. § 54.313(c) (new requirement). The Commission froze support under its high-cost support mechanisms – high-cost loop support (HCLS), safety net additive (SNA), safety valve support (SVS), high-cost model support (HCMS), local switching support (LSS), interstate access support (IAS), and interstate common line support (ICLS) – for price cap carriers and their rate-of-return affiliates, and called it “frozen high-cost support.” Recipients of frozen high-cost support must annually certify that increasing levels of support have been used to achieve the goal of universal availability of voice and broadband. Initially, for

funding used in 2012, recipients need only certify that funding was used consistent with this goal. In future years, recipients must certify that a specified proportion of funding was used to build and operate broadband-capable networks used to offer the provider's own retail broadband service in areas substantially unserved by an unsubsidized competitor.

In addition to the reporting requirements in 47 C.F.R. § 54.313(a), any price cap carriers receiving high-cost support to offset reductions in access charges must provide the following additional information:

(8) 47 C.F.R. § 54.313(d) (new requirement). All price cap carriers that receive support pursuant to 47 C.F.R. § 54.304, to offset reductions in access charges, must use such support to build and operate broadband-capable networks used to offer the provider's own retail service in areas substantially unserved by an unsubsidized competitor. To monitor the use of such support and hold recipients accountable to their public interest obligations, recipients of such support must annually certify that they are doing so.

In addition to the reporting requirements in 47 C.F.R. § 54.313(a), any recipient of Connect America Phase II support shall provide the following additional information:

(9) 47 C.F.R. § 54.313(e)(1)-(2) (new requirement). In 2013, Connect America will transition from Phase I, which utilizes frozen and incremental support to spur broadband deployment, to Phase II, which uses a combination of a forward-looking cost model and competitive bidding to provide support for broadband deployment. Phase II has its own buildout obligations. The Commission relies on reports from Phase II funding recipients to ensure compliance with those buildout obligations. Within three years of the implementation of Phase II, funding recipients must certify that the company is providing broadband service to 85% of its supported locations at actual speeds of at least 4 Mbps downstream and 1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas. Within five years of the implementation of Phase II, recipients must certify that the company is providing broadband service to 100% of its supported locations at actual speeds of at least 4 Mbps downstream and 1 Mbps upstream, and a percentage of supported locations, as specified by the Wireline Competition Bureau, at actual speeds of at least 6 Mbps downstream and 1.5 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas.

(10) 47 C.F.R. § 54.313(e)(3) (new requirement). To ensure that Phase II recipients are meeting their buildout obligations, the Commission requires a progress report on the company's five-year service quality plan. The progress report must include a letter certifying that the recipient is meeting the interim deployment milestones as set forth, and that it is taking reasonable steps to meet increased speed obligations that will exist for all supported locations at the expiration of the five-year term for Phase II funding. The recipient must also report the number, names, and addresses of community anchor institutions to which it newly began providing access to broadband service in the preceding calendar year.

In addition to the reporting requirements in 47 C.F.R. § 54.313(a), any rate-of-return carrier shall provide the following additional information:

(11) 47 C.F.R. § 54.313(f)(1) (new requirement). Rate-of-return carriers are required to provide broadband service upon reasonable request. To monitor their progress towards meeting and complying with their public service buildout obligations, the Commission requires carriers to file a five-year service quality improvement plan on July 1, 2013, and file annually thereafter a progress report on the carrier's plan. The progress report must include a letter certifying that the carrier is taking reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 4 Mbps downstream and 1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas as determined in an annual survey, and that requests for such services are met within a reasonable amount of time. The carrier must also report the number, names, and addresses of community anchor institutions to which it newly began providing access to broadband service in the preceding calendar year.

(12) 47 C.F.R. § 54.313(f)(2) (new requirement). The Commission can obtain publicly available financial information from publicly traded companies. To ensure that support is sufficient but not excessive, privately held rate-of-return carriers that receive high-cost support must submit a various forms of financial statements. Those companies that borrow funds from the Rural Utilities Service (RUS) must submit a copy of their RUS Operating Report for Telecommunications Borrowers. Carriers that do not borrow from RUS, but that undergo financial audits in the ordinary course of business, must either file a copy of their audited financial statements or provide financial information in a form consistent with the RUS Operating Report for Telecommunications Borrowers. Carriers that are not audited in the ordinary course of business must either file a financial statement that has been subject to review by a certified public accountant or file financial information in a format consistent with the RUS Operating Report for Telecommunications Borrowers. These financial disclosures may be filed pursuant to a protective order.

In addition to other applicable reporting requirements, carriers without access to terrestrial backhaul that are compelled to rely exclusively on satellite backhaul in their study areas must file the following additional certification:

(13) 47 C.F.R. § 54.313(g) (new requirement). The Commission recognizes that satellite backhaul may limit the performance of broadband networks as compared to terrestrial backhaul, thus carriers compelled to rely exclusively on satellite backhaul in their study area must certify that no terrestrial backhaul options exist. Any such funding recipients must certify annually that no terrestrial backhaul options exist and that they offer broadband service at actual speeds of at least 1 Mbps downstream and 256 kbps upstream within the supported area served by satellite middle-mile facilities. Latency and capacity requirements will not apply to these providers. To the extent that new terrestrial backhaul facilities are constructed, or existing facilities improved sufficiently to meet the relevant speed, latency, and capacity requirements then in effect for broadband service supported by Connect

America, within twelve months of the new backhaul facilities becoming commercially available, funding recipients must provide the certifications required in 47 C.F.R. § 54.313(e) or (f) in full.

Carriers providing updates to their reported rate information submit the following information:

(14) 47 C.F.R. § 54.313(h) (modified requirement). All incumbent local exchange carrier recipients of high-cost support must already report all of their rates for residential local service for all portions of their service area, as well as state fees (state subscriber line charges, state universal service fees and mandatory extended area service charges), to the extent the sum of those rates and fees are below the rate floor, and the number of lines for each rate specified. Carriers shall report lines and rates in effect as of June 1. In addition to the annual filing, local exchange carriers may file updates of their rates for residential local service, as well as state fees, on January 2 of each year. If a local exchange carrier reduces its rates and the sum of the reduced rates and state fees are below the rate floor, the local exchange carrier shall file such an update. For the update, carriers shall report lines and rates in effect as of December 1.

Information Collection Requirements Previously Approved Under 3060-0986 (a. – h. below):

a. Reporting Working Loops at Cost-Zone Level:

Rural carriers that disaggregate and target per-line support to zones within their study area are required to report loops at the cost-zone level, which is a modification of the general rule that carriers report loops at the study-area level. *See* 47 CFR §§ 54.307(b) and (c). This permits USAC to calculate the per-line support amount that will be provided to any competitive ETC serving the zone. Because per-line support will no longer need to be calculated, except in remote parts of Alaska, the burdens associated with this filing were reduced in the March 2012 supporting statement.

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

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

The Commission recognizes that some state commissions may have only limited regulatory oversight to ensure that federal support is reflected in intrastate rates. States nonetheless may certify to the Commission that a carrier in the state has accounted to the state commission for

its receipt of federal support and that such support has been and will be used “only for the provision, maintenance and upgrading of facilities and services for which the support is intended.” Incumbent and competitive ETCs serving lines in the state may formulate plans to ensure compliance with section 254(e), and present those plans to the state, so that the state may make the appropriate certification to the Commission. Absent the filing of such certification, carriers will not receive support. See 47 CFR § 54.314.

c. Support in Competitive Study Areas:

Rural carriers and competitive ETCs are required to file line count data on a quarterly basis upon competitive entry in rural carrier study areas. The rural carrier line counts are used to determine the appropriate per-line support for competitive eligible telecommunications carriers serving the same area. The competitive eligible telecommunications carrier’s line counts (collected on FCC Form 525) are used to calculate their total support. Because the identical support rule has been eliminated, effective January 1, 2012, for most carriers, the burdens associated with this requirement were significantly reduced in the March 2012 supporting statement.

d. Safety Valve:

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

e. Connect America Fund Phase I Incremental Support:

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

places). Carriers accepting funding have the option of providing all of the required location-identifying information at the time they file their notice of acceptance of support, or, in the alternative, they may elect to only identify the census blocks and wire centers where they will deploy. Carriers electing this latter option must provide all required information for each location no later than one year after filing notices of acceptance for purposes of satisfying the carrier's deployment obligation. That is, carriers electing to initially provide only census block and wire center information must provide complete location information for all of their locations no later than one year after they file their notices of acceptance. *See* 47 CFR § 54.312(b).

In addition, to evaluate and ensure that recipients of Connect America Phase I support are meeting their public service buildout obligations, the Commission requires periodic reports on the progress of deployments. Therefore, any recipient of incremental Connect America Phase I support must certify that two years after filing a notice of acceptance of funding, the recipient has deployed to no fewer than two-thirds of the required number of locations. Three years after accepting funding, the recipient must certify that it has deployed to all required locations and that it is offering broadband service of at least 4 Mbps downstream and 1 Mbps upstream, with latency sufficiently low to enable the use of real-time communications, including Voice over Internet Protocol, and with usage caps, if any, that are reasonably comparable to those in urban areas. *See* 47 C.F.R. § 54.313(b).

f. Local End User Rates and State Regulated Fees:

The Commission requires carriers receiving high-cost loop support or Connect America Phase I support to report, on an annual basis, the local end user rates that fall below a specified urban rate floor and the number of lines associated with each rate. *See* 47 CFR § 54.313(h). This permits USAC to calculate reductions in support. Carriers are expected to provide local end user rate and state fee information in electronic form. This requirement is being modified as described in (14) above.

g. Recordkeeping Requirement:

Carriers receiving high-cost or Connect America Fund support are subject to random compliance audits and other investigations to ensure compliance with program rules and orders, and carriers must retain records required to demonstrate to auditors that the support received was consistent with the universal service high-cost program rules. The document retention period is ten years. The carriers must make these documents and records available to the Commission, any of its Bureaus or Offices, USAC, and to their respective auditors. *See* 47 CFR § 54.320(b).

h. Annual Reporting Requirement:

All ETCs must include in their annual reports the information that is currently required by section 54.209(a)(1)-(a)(6) — specifically, a progress report on their five-year build-out plans; data and explanatory text concerning outages; unfulfilled requests for service; complaints received; certifications of compliance with applicable service quality and

consumer protection standards; and certification of its ability to function in emergency situations. All ETCs that receive high-cost support must file this information with the Commission, USAC, and the relevant state commission, relevant authority in a U.S. Territory, or Tribal government, as appropriate. See 47 CFR § 54.313(a)(1)-(6). Competitive ETCs whose support is being phased down are not required to file new five-year plans, but must continue to file annual updates on any previously submitted five-year plan. This requirement is being modified as described in (1) and (5) above.

Statutory authority for this information collection is contained in 47 U.S.C. sections 151-154, 201-206, 214, 218-220, 251, 252, 254, 256, 303(r), 332, 403, 405 and 410.

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

2. *Use of information.* The Commission will use the information requirements to determine whether and to what extent incumbent LECs and competitive ETCs providing the data are eligible to receive high-cost universal service support.
3. *Technological collection techniques.* In an effort to reduce any burden created by these information collection requirements, the Commission shall permit all respondents to file responses using automated, electronic, mechanical or other technological collection techniques where feasible.
4. *Efforts to identify duplication.* There will be no duplication of information. The information sought is unique to each carrier or respondent and similar information is not already available. The Commission is using already established reporting and recordkeeping requirements to satisfy certain statutory directives and eligibility criteria.
5. *Impact on small entities.* Section 254(b) directs the Commission to base policies for the preservation and advancement of universal service on six principles. A fair and reasonable application of those principles including the adoption of the additional principle of competitive neutrality will favorably impact all business entities, including smaller entities. The collection of information may affect small entities as well as large entities.
6. *Consequences if information is not collected.* The information collected is used to determine eligibility for and to calculate high-cost universal service support. Without the requested information, USAC will not be able to determine a carrier's eligibility or how much support it would receive. This may result in partial or complete denial of high-cost universal service support for the carrier.
7. *Special circumstances.* We do not foresee any special circumstances that would cause an information collection to be conducted under extraordinary circumstances.
8. *Federal Register notice; efforts to consult with persons outside the Commission.* Since the November 2011 *USF/ICC Transformation Order*, the Commission has clarified, revised and waived the reporting rules in response to various petitions.

- *See, e.g., Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 27 FCC Rcd 605 (Wireline Comp. Bur. 2012) (clarifying filing of five-year plans by state-designated ETCs, that reporting requirements are not effective until PRA approval, and initial filing deadline for Tribal engagement);
- *Connect America Fund et al.*, WC Docket No. 10-90 et al., Third Order on Reconsideration, 27 FCC Rcd 5622 (2012) (revising the filing deadline for annual reports to July 1; declining to exempt state-designated ETCs or competitive ETCs from reporting and to preempt state reporting requirements; revising the sampling date for sub-floor rates, permitting mid-year updates, and clarifying how carriers should calculate rates);
- *Office of Native Affairs and Policy, Wireless Telecommunications Bureau, and Wireline Telecommunications Bureau Issue Further Guidance on Tribal Government Engagement Obligation Provisions of the Connect America Fund*, WC Docket Nos. 10-90 et al., Public Notice, 27 FCC Rcd 8176 (2012) (providing further guidance on the Tribal engagement obligation);
- *Connect America Fund et al.*, WC Docket No. 10-90 et al., Fifth Order on Reconsideration, 27 FCC Rcd 14549 (2012) (revising financial reporting requirement for privately held rate-of-return carriers and permitting carriers to file such information pursuant to protective order);
- *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 28 FCC Rcd 2051 (Wireline Comp. Bur. 2013) (clarifying that competitive ETCs do not have to file new five-year plans; waiving the requirement that price cap ETCs file a new five-year plan until carriers accept Connect America Phase II support; clarifying the requirement for rate-of-return ETCs to file five-year plans; revising reporting on voice and broadband services; clarifying the application of the network performance testing);
- *Connect America Fund et al.*, WC Docket No. 10-90 et al., Order, 28 FCC Rcd 7227 (Wireline Comp. Bur. 2013) (clarifying reporting obligations in 2013 and 2014 and waiving the five-year plan deadline for rate-of-return carriers).

In addition, a 60-day notice was published in the *Federal Register* pursuant to 5 CFR 1320.8(d) on February 25, 2013. *See* 78 FR 12750. In response to comments filed by parties on FCC Form 481, the Commission modified the form and instructions before submitting them to OMB. In particular, the Commission limited the affiliate reporting requirement to include only ETC affiliates; modified the form to allow for narrative in response to service quality/consumer protection and emergency preparedness certifications; clarified at what date voice and broadband rates should be reported; modified the form to collect pricing only for standalone flat-rate local exchange voice service, to permit reporting of state-wide rates voice pricing, and to eliminate reporting of bundled services; and modified the form to include only a single certification by an officer of the company for the entire form rather than several. Many of the revisions and clarifications done since 2011 and done in response to the 60-day Federal Register notice also address a number of the same issues raised in the comments during the 30-day comment period *See* 78 FR 34096, June 6, 2013.

9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payment or gifts to respondents.

10. *Assurances of confidentiality.* Parties may submit confidential information in relation to sub-item o. in Item 12 below pursuant to a protective order. We note that USAC must preserve the confidentiality of all data obtained from respondents and contributors to the universal service support program mechanism; must not use the data except for purposes of administering the universal service support program; and must not disclose data in company-specific form unless directed to do so by the Commission.
11. *Questions of a sensitive nature.* There are no questions of a sensitive nature with respect to the information collections described herein.
12. *Estimates of the hour burden of the collection to respondents.* The following represents the hour burden on the collections of information:

a. Reporting Working Loops at Cost-Zone Level:

- (1) Number of respondents: Approximately 23. Only rural carriers or other incumbent carriers receiving Interstate Common Line Support that disaggregate their high-cost support must file. This collection applies only to rate-of-return carriers serving remote parts of Alaska.
- (2) Frequency of response: Annual and quarterly reporting requirements.

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

- (3) Annual hour burden per respondent: 8 hours per respondent for 23 carriers that is filing on a quarterly basis. Total annual hour burden is calculated as follows: 23 respondents x 4 reports per respondent = 92 responses x 8 hours, = **736 total annual hours**. The hour burden is not expected to vary widely because of differences in activity, size, or complexity.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$29,440. (736 hours x \$40/hr.).
- (5) Explanation of calculation: We estimate that time to comply with the requirement will be 736 hours x \$40/hr.(attorney, administrative staff time and overhead) = \$29,440.

b. State Certification Letter Under 254(e):

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

- (2) Frequency of response: Annual reporting requirement. Each state commission must file a letter with the Commission certifying that a carrier within the state had accounted for its receipt of federal support in its rates or otherwise used the support for the “provision, maintenance, and upgrading of facilities and services for which the support is intended” in accordance with section 254(e). Carriers that are not under a state regulatory authority will have to file with the Commission directly.
- (3) Annual hour burden per respondent: 3 hours. Total annual hour burden is: 3 hours x 60 respondents = **180 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$7,200. (180 hours x \$40/hr.).
- (5) Explanation of calculation. We estimate that each state commission will spend 3 hours drafting a letter to the Commission to certify that a carrier within the state had accounted for its receipt of federal support. 60 (number of respondents) x 3 (hours to prepare certification letter) x \$40/hr.(attorney, administrative staff time and overhead) = \$7,200.

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

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

d. Safety Valve:

- (1) Number of respondents: 25 rural carriers will have to file a notice.
- (2) Frequency of response: On occasion reporting requirement and third party disclosure requirement. Rural carriers shall provide written notice to USAC when their index year has been established for purposes of calculating eligibility for safety valve support.

- (3) Annual hour burden per respondent: .5 hours. Total annual hour burden is: 25 respondents x .5 hours = Approximately 13 hours.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$500. (12.5 hours x \$40/hr.).
- (5) Explanation of calculation: We estimate that each carrier will spend .5 hour drafting a notice to USAC indicating when their index year has been established for purposes of calculating eligibility for safety valve support. 25 (number of respondents) x .5 (hours to prepare certification letter) x \$40/hr.(attorney, administrative staff time and overhead) = \$500.

e. Connect America Fund Phase I Incremental Support Acceptance:

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

f. Local End User Rates and State Regulated Fees:

- (1) Number of respondents: Fewer than 1,434 companies (1,141 rate-of-return carriers and 293 price cap carriers) will have to report local end user rates and state regulated fees.
- (2) Frequency of response: Annually. Each carrier must file a form with USAC. Among other information, the form contains all local end user rates that fall below a specified urban rate floor and the number of lines associated with each rate. Mid-year updates are permitted.

- (3) Annual hour burden per respondent: 4 hours per respondent for 1,434 respondents filing on an annual basis. Total annual hour burden is: 1,434 respondents x 4 hours = **5,736 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$229,440. (5,736 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier will spend at least 4 hours filtering and tabulating end user rates for each line that falls below a specified urban rate floor and indicating the specific line associated with each rate. 1,434 (number of respondents) x 4 (hours to tabulate end user rates for each line and to prepare the relevant reporting documents) x \$40/hr.(attorney, administrative staff time and overhead) = \$229,440.

g. Recordkeeping Requirements:

- (1) Number of Respondents: Approximately 2,004 telephone companies.
- (2) Frequency of Response: Annually.
- (3) Annual hour burden per respondent: 2 hours per respondent for 2,004 respondents retaining documents on an annual basis. Total annual hour burden is: 2,004 respondents x 2 hours = **4,008 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$160,320. (4,008 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier will spend at least 2 hours tracking document retention periods. 2,004 (number of respondents) x 2 (hours to comply with document retention requirements) x \$40 per hour (administrative staff time and overhead) = \$160,320.

h. Annual Reporting Requirements for All Funding Recipients:

- (1) Number of Respondents: Approximately 2,004 telephone companies.
- (2) Frequency of Response: Annually.
- (3) Annual hour burden per respondent: 100 hours per respondent for 2,004 respondents filing on an annual basis. Total annual hour burden is: 2,004 respondents x 100 hours = **200,400 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$8,016,000 (200,400 hours x \$40/hour.).

- (5) Explanation of calculation: We estimate that each carrier will spend a total of at least 100 hours tracking, filtering, tabulating, assessing and preparing reporting requirements: 2,004 (number of respondents) x 100 (hours tracking, filtering, tabulating, assessing and preparing reporting requirements) x \$40 per hour (administrative staff time and overhead) = \$8,016,000.

i. Tribal Engagement Reporting

- (1) Number of Respondents: Approximately 300 carriers that serve Tribal lands.
- (2) Frequency of Response: Annually.
- (3) Annual hour burden per respondent: 4 hours per respondent for 300 respondents filing on an annual basis. Total annual hour burden is: 300 respondents x 4 hours = **1,200 hours.**
- (4) Total estimate of annualized cost to respondents for the hour burden: \$48,000 (1,200 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier serving Tribal lands will spend a total of at least 4 hours preparing, reviewing, and submitting its report on Tribal engagement: 300 (number of respondents) x 4 (hours preparing, reviewing, and submitting report) x \$40 per hour (administrative staff time and overhead) = \$48,000.

j. Connect America Fund Phase I Incremental Support Certification:

- (1) Number of respondents: Approximately 9 holding companies of price cap carriers will have to report the incremental funding, if any, they accept. Those carriers accepting funding will also be required to certify that they are meeting certain broadband deployment milestones.
- (2) Frequency of response: On occasion. Carriers accepting Phase I Incremental Support will be required to file this information in annual reports two and three years after acceptance. Eligible carriers must file with the Commission, USAC, as well as relevant state and Tribal authorities.
- (3) Annual hour burden per respondent: 15 hours per respondent for 9 respondents filing annually. Total annual hour burden is: 9 respondents x 15 hours = **135 hours.**
- (4) Total estimate of annualized cost to respondents for the hour burden: \$5,400. (135 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier accepting Phase I incremental support will spend at least 15 hours certifying that it is meeting the required broadband deployment milestones. 9 (number of respondents) x 15 (hours to confirming and

certifying compliance) x \$40/hour.(attorney, administrative staff time and overhead) = \$5,400.

k. Price Cap Carrier Frozen High Cost Support Certification:

- (1) Number of respondents: Approximately 293 price cap carriers receiving Connect America frozen support will have to certify that they are using incrementally increasing portions of their frozen support to deploy broadband-capable networks and to offer their own retail broadband service in areas substantially unserved by an unsubsidized competitor.
- (2) Frequency of response: Annually.
- (3) Annual hour burden per respondent: 15 hours per respondent for 293 respondents filing annually. Total annual hour burden is: 293 respondents x 15 hours = **4,395 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$175,800. (4,395 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each price cap carrier receiving frozen support will spend at least 15 hours certifying that it is using incrementally increasing portions of its frozen support to deploy broadband-capable networks and to offer its own retail broadband service in areas substantially unserved by an unsubsidized competitor. 293 (number of respondents) x 15 (hours to confirm and certify compliance) x \$40/hr. (attorney, administrative staff time and overhead) = \$175,800.

l. Price Cap Carrier High-Cost Support for Access Charges Certification:

- (1) Number of respondents: Approximately 293 price cap carriers receiving high-cost support designed to offset access charges will have to certify that support received pursuant to 47 C.F.R. § 54.304 in the prior calendar year was used to build and operate broadband-capable networks used to offer provider's own retail service in areas substantially unserved by an unsubsidized competitor.
- (2) Frequency of response: Annually.
- (3) Annual hour burden per respondent: 15 hours per respondent for 293 respondents filing annually. Total annual hour burden is: 293 respondents x 15 hours = **4,395 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$175,800. (4,395 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each price cap carrier receiving support to offset reductions in access charges will spend at least 15 hours certifying that it is using high-cost support received pursuant to 47 C.F.R. § 54.304 to deploy broadband-capable networks and to offer its own retail broadband service in areas substantially unserved by

an unsubsidized competitor. 293 (number of respondents) \times 15 (hours to confirm and certify compliance) \times $\$40/\text{hr.}$ (attorney, administrative staff time and overhead) = $\$175,800$.

m. Connect America Fund Phase II Certification:

- (1) Number of respondents: Approximately 13 carriers or holding companies receiving Connect America Phase II support will be required to certify that there are meeting certain buildout milestones and submit progress reports on five-year service quality plans.
- (2) Frequency of response: Annually.
- (3) Annual hour burden per respondent: 30 hours per respondent for 13 respondents filing annually. Total annual hour burden is: 13 respondents x 30 hours = **390 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$15,600. (390 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each Phase II funding recipient will spend at least 30 hours certifying that meeting deployment milestones and drafting the additional required items for its five-year service quality plan progress report. 13 (number of respondents) x 30 (hours to track, filter, tabulate, assess, and prepare reporting requirements for progress report and confirming and certifying compliance with buildout milestones) x \$40/hr.(attorney, administrative staff time and overhead) = \$15,600.

n. Rate-of-Return Carrier Certification:

- (1) Number of respondents: Approximately 1,141 rate-of-return carriers will be required to certify that they are meeting certain buildout milestones and submit progress reports on five-year service quality plans.
- (2) Frequency of response: Annually.
- (3) Annual hour burden per respondent: 30 hours per respondent for 1,141 respondents filing annually. Total annual hour burden is: 1,141 respondents x 30 hours = **34,230 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$1,369,200. (34,230 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each rate-of-return carrier will spend at least 6 hours certifying that meeting deployment milestones and drafting the additional required items for its five-year service quality plan progress report. 1,141 (number of respondents) x 30 (hours to track, filter, tabulate, assess, and prepare reporting requirements for progress report and confirming and certifying compliance with buildout milestones) x \$40/hr.(attorney, administrative staff time and overhead) = \$1,369,200.

o. Privately Held Rate-of-Return Carrier Certification:

- (1) Number of respondents: Approximately 1,027 privately held rate-of-return carriers will be required to submit financial statements.
- (2) Frequency of response: Annually.
- (3) Annual hour burden per respondent: 15 hours per respondent for 1,027 respondents filing annually. Total annual hour burden is: 1,027 respondents x 60 hours = **15,405 hours.**
- (4) Total estimate of annualized cost to respondents for the hour burden: \$616,200. (15,405 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each privately held rate-of-return carrier will spend at least 15 hours filing its RUS Operating Report for Telecommunications Borrowers, audited financial statements, or financial statements reviewed by a certified public accountant. 1,027 (number of respondents) x 15 (hours to prepare and submit financial statements) x \$40/hr.(attorney, administrative staff time and overhead) = \$616,200.

p. Carriers Lacking Terrestrial Backhaul Certification:

- (1) Number of respondents: Fewer than 20 carriers that receive funding but rely exclusively on satellite for backhaul must certify as to the performance of their broadband service.
- (2) Frequency of response: Annually.
- (3) Annual hour burden per respondent: 15 hours per respondent for 20 respondents filing annually. Total annual hour burden is: 20 respondents x 15 hours = **300 hours.**
- (4) Total estimate of annualized cost to respondents for the hour burden: \$12,000. (300 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier receiving funding but relying exclusively on satellite for backhaul will spend at least 15 hours certifying as to the performance of its broadband service. 20 (number of respondents) x 15 (hours to confirm and certify compliance) x \$40/hr.(attorney, administrative staff time and overhead) = \$12,000.

q. Residential Rate Updates:

- (1) Number of respondents: Fewer than 20 carriers that have rates falling below the rate floor and make adjustments to their rates in the course of the year will file an update.
- (2) Frequency of response: On occasion.

- (3) Annual hour burden per respondent: 4 hours per respondent for 20 respondents filing occasionally. Total annual hour burden is: 20 respondents x 4 hours = **80 hours**.
- (4) Total estimate of annualized cost to respondents for the hour burden: \$3,200. (80 hours x \$40/hour.).
- (5) Explanation of calculation: We estimate that each carrier that files a residential rate update will spend at least 4 hours reporting its rates. 20 (number of respondents) x 4 (hours to gather and report rates) x \$40/hr.(attorney, administrative staff time and overhead) = \$3,200.

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

Information Collection Requirements	Number of Respondents	Number of Responses Per Year	Estimated Time per Response (hours)	Total Burden Hours	In-house Office and Overhead Costs
<u>a. Reporting Working Loops at Cost-Zone Level</u>	23	4	8	736	\$29,440.00
<u>b. State Certification Letter Under 254(e)</u>	60	1	3	180	\$7,200.00
<u>c. Support in Competitive Study Areas: (FCC Form 525)</u>	15	4	6	360	\$14,400.00
<u>d. Safety Valve</u>	25	1	0.5	12.5	\$500.00

<u>e. Connect America Fund Phase I Incremental Support Acceptance</u>	9	1	6	54	\$2,160.00
<u>f. Local End User Rates and State Regulated Fees</u>	1,434	1	4	5,736	\$229,440.00
<u>g. Recordkeeping Requirements</u>	2,004	1	2	4,008	\$160,320.00
<u>h. Annual Reporting Requirements for All Funding Recipients</u>	2,004	1	100	200,400	\$8,016,000.00
<u>i. Tribal Engagement Report</u>	300	1	4	1,200	\$48,000
<u>j. Connect America Fund Phase I Incremental Support Certification</u>	9	1	15	135	\$5,400.00
<u>k. Price Cap Carrier Frozen High Cost Support Certification</u>	293	1	15	4,395	\$175,800.00

<u>l. Price Cap Carrier High-Cost Support for Access Charges Certification</u>	293	1	15	4,395	\$175,800.00
<u>m. Connect America Fund Phase II Certification</u>	13	1	30	390	\$15,600.00
<u>n. Rate-of-Return Carrier Certification</u>	1,141	1	30	34,230	\$1,369,200.00
<u>o. Privately Held Rate-of-Return Carrier Certification</u>	1,027	1	15	15,405	\$616,200.00
<u>p. Carriers Lacking Terrestrial Backhaul Certification</u>	20	1	15	300	\$12,000.00
<u>q. Residential Rate Updates</u>	20	1	4	80	\$3,200.00
TOTALS:	8,690	N/A	.5-100	272,017	\$10,880,660

Total Number of Respondents: 8,690

Total Number of Responses Annually: 8,804

Total Annual Hourly Burden for requirements (a) – (q): 272,017 hours.

Total Annual “In House” Costs: \$10,880,660

13. *Estimates for the cost burden of the collection to respondents.* There are no outside contracting costs for this information collection. See the last column in the chart in item 12 above for the estimated in-house costs.
14. *Estimates of the cost burden to the Commission.* There will be few, if any, costs to the Commission because notice and enforcement requirements are already part of Commission duties. Moreover, there will be minimal cost to the federal government since an outside party will administer this program.
15. *Program changes or adjustments.* The estimated total annual burden hours have increased for all requirements now under this OMB control number.

The total hourly burden reported previously in 2012 was estimated at 163,435 hours and, as a result of changes to collection requirements in 12h.-12q. has been increased to 272,017 hours.

The increase was due to the expanded goals of Connect America and the implementation of Government Accountability Office recommendations regarding the oversight of the universal service program. Specifically, the Government Accountability Office noted that it is prudent to impose narrowly tailored reporting requirements focused on information that will demonstrate compliance with the statutory and regulatory requirements of the universal service program. These expanded reporting requirements are necessary to ensure that ETCs are complying with their public interest obligations and using support for the intended purpose under the universal service program, as required by section 254(e) of the Communications Act of 1934.

16. *Collections of information whose results will be published.* Non-proprietary information will likely be made publicly available although the Commission does not have specific plans for doing so at this time.
17. *Display of expiration date for OMB approval of information collection.* The Commission seeks continued approval to not display the OMB expiration date on FCC Form 525 and FCC Form 481. The Commission will use an edition date in lieu of an OMB expiration date. This is necessary so that when the OMB expiration date changes, the Commission does not have to update electronic versions or destroy paper stocks. Finally, the Commission publishes a list of all OMB-approved information collections, including this one, in 47 C.F.R. § 0.408.
18. *Exceptions to certification statement for Paperwork Reduction Act submissions (Item 19 of OMB Form 83-I).* There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods:

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