

SUPPORTING STATEMENT

New information collection: Annual Report for Mobility Fund Phase I Support – FCC Form 690 and Record Retention Requirements

A. Justification:

The Federal Communications Commission (Commission) is seeking Office of Management and Budget (OMB) approval for a new information collection. We are submitting this collection to the OMB in order to obtain the full three year clearance.

1. *Circumstances that make the collection necessary.* On November 18, 2011, the Commission released a Report and Order in the Universal Service Fund & Intercarrier Compensation Transformation Order (USF/ICC) proceeding, WC Docket Nos. 10-90, 07-135, 05-337, 03-109; GN Docket No. 09-51; CC Docket Nos. 01-92, 96-45; WT Docket No. 10-208; FCC 11-161, and a Bureau Order in the same proceeding, DA 12-147, on February 3, 2012 which adopted rules to govern the Connect America Fund Mobility Fund.

On May 14, 2012, the Commission released the Third Order on Reconsideration of the USF/ICC Report and Order, FCC 12-52, which revised section 54.1009(a) of the Commission's rules. In adopting the rules, the Commission comprehensively reformed and modernized the universal service and intercarrier compensation systems to ensure that all Americans have access to robust, affordable broadband and advanced mobile services. Concluding that mobile voice and broadband services provide unique consumer benefits, and that promoting the universal availability of such services is a vital component of the Commission's universal service mission, the Commission created the Mobility Fund. Mobility Fund Phase I support will be awarded through a nationwide reverse auction to determine the entities that would receive support and the amount of support they would receive. For Phase 1 of the Mobility Fund, the Commission will provide up to \$300 million in one-time support to immediately accelerate deployment of networks for mobile broadband services in unserved areas.

The Commission also established a separate and complementary one-time Tribal Mobility Fund Phase I to award up to \$50 million in additional universal service funding to Tribal Areas, including Alaska, to accelerate mobile broadband availability in these remote and underserved areas. The goal of Mobility Fund Phase I is to extend the availability of mobile voice service on networks that provide 3G or better performance and to accelerate the deployment of 4G wireless networks in areas where it is cost effective to do so with one-time support. Winning bidders that elect to provide supported services over 3G networks will have two years to meet their requirements and those that elect to deploy 4G

networks will have three years and will receive three disbursements of support during the two or three year period. Recipients of Mobility Fund support are required to file annual reports with the Commission demonstrating the coverage provided with support from the Mobility Fund for five years after qualifying for support. Documentation prepared for, or in connection with, the award of Mobility Fund Phase I support is to be retained for a period of not less than ten (10) years after it receives the final disbursement of support.

The Commission adopted new rules for the Mobility Fund Phase 1 which include annual reporting information collections and record retention requirements. Therefore, the Commission is seeking approval by the Office of Management and Budget under the Paperwork Reduction Act of the information collections contained in these new rules.

The Commission estimates that up to 70 parties may win bids for Mobility Fund Phase 1 support, including the Tribal Mobility Fund Phase 1 and a similar number of parties will actually be awarded support and will be required to submit an annual report. The number of winning bids for support in eligible areas will vary, dependent on the outcome of any auctions for support.

The following are the new collections of information required for all recipients of Mobility Fund Phase 1 support.

- a. *Annual Reports.* Section 54.1009 requires winning bidders for Mobility Fund support to submit an annual report no later than July 1 in each year for five years after it was so authorized. Each annual report shall include the following information or reference the inclusion of the following information in other reports filed with the Commission for the applicable year. The report must provide: electronic shapefiles site coverage plots illustrating the area newly reached by mobile services at a minimum scale of 1:240,000, 47 C.F.R. § 54.1009(a)(1); a list of relevant census blocks previously deemed unserved, with road miles and total resident population and resident population residing in areas newly reached by mobile services (based on Census Bureau data and estimates), § 54.1009(a)(2); if such testing has been conducted, data received or used from drive tests, or scattered site testing in areas where drive tests are not feasible, analyzing network coverage for mobile services in the area for which support was received, § 54.1009(a)(3); certification that the applicant offers service in supported areas at rates that are within a reasonable range of rates for similar service plans offered by mobile wireless providers in urban areas, § 54.1009(a)(4); any applicable certifications and showings required in § 54.1004, § 54.1009(a)(5); updates to the information provided in § 54.1005(b)(2)(v), § 54.1009(a)(6). The party submitting the annual report must certify that they have been authorized to do so by the winning bidder, § 54.1009(b) and submit each annual report to the Office of the Secretary of the Commission, the Administrator and the relevant state commissions, relevant authority in a U.S. Territory, or a Tribal government, as appropriate, § 54.1009(c).

- b. *Support Disbursements.* A winning bidder may use all or part of the Mobility Fund Phase 1 annual report to demonstrate that it has met the coverage requirements of Section 54.1006 (a) or (b) and that it has substantially engaged the appropriate Tribal officials in order to request a disbursement of support pursuant to Section 54.1008 of the Commission's rules. Section 54.1008 provides for the disbursement of Mobility Fund Phase 1 support in three stages. Section 54.1008(d) requires each winning bidder to certify that it has substantially engaged appropriate Tribal officials and to provide a summary of the results of the engagement which is also required in Section 54.1009(a)(5) of the annual report. Section 54.1008(e) requires each winning bidder to certify that it is in compliance with all requirements for receipt of Mobility Fund Phase 1 support at the time it requests disbursement.
- c. *Record Retention.* Section 54.1010 requires a winning bidder authorized to receive Mobility Fund Phase I support and its agents to retain any documentation prepared for, or in connection with, the award of Mobility Fund Phase I support for a period of not less than ten (10) years after the date on which the winning bidder receives its final disbursement of Mobility Fund Phase I support.

Statutory authority for this information collection is contained in 47 U.S.C. sections 154, 254 and 303(r).

- 2. *Use of Information.* The Commission will use this information to ensure that each winning bidder is meeting its obligations for Mobility Fund Phase I support.
- 3. *Technological collection techniques.* The Commission is committed to meeting the requirements of the E-Government Act, which requires Government agencies to provide the general public the option of submitting information or transacting business electronically to the maximum extent possible. Respondents will have the ability to file via the Internet.
- 4. *Efforts to identify duplication.* Each application submitted will be for a new project and for new purposes. Some of the questions may overlap with material provided in other filings required for obtaining Commission benefits. To avoid duplication, if a recipient of Mobility Fund Phase 1 support is a carrier subject to other existing or new annual reporting requirements under section 54.313 of the Commission's rules based on their receipt of universal service support under another high cost mechanism, it will be permitted to satisfy its Mobility Fund Phase I annual reporting requirements by filing a separate Mobility Fund Phase 1 annual report or by including this additional information in a separate section of its other annual report filed with the Commission.
- 5. *Impact on small entities.* The collection 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 requirement to that which is necessary for evaluating and processing the application and to deter possible abuses of the Commission's processes.

6. *Consequences if information is not collected.* Without the requested information, the Commission would be unable to determine whether each winning bidder satisfies its obligation for receiving Mobility Fund Phase I support. Thus, the information is being collected to meet the objectives of the Universal Service Fund program.

7. *Special circumstances.* Not applicable

8. *Notice required by 5 C.F.R. 1320.8(d).* The Commission published a notice in the Federal Register on November 16, 2012 (77 FR 68777). No PRA comments were received as a result of this notice.

9. *Payments or gifts to respondents.* Respondents will not receive any payments or gifts other than the funds awarded through the Mobility Fund Phase 1 support.

10. *Assurance of confidentiality.* Information collected in FCC Form 690 will be made available for public inspection. Applicants may request confidential treatment of information collected in FCC Form 690 pursuant to 47 C.F.R. §0.459 of the Commission's rules.

11. *Questions of a sensitive nature.* This information collection does not address any private matters of a sensitive nature.

12. *Estimates of the hour burden of the collection to respondents.*

Annual Reporting and Support Disbursements. Respondents include winning bidders in both the Mobility Fund Phase 1 and the Tribal Mobility Fund Phase 1 auctions. Respondents are required to submit a separate filing for each winning bid which is awarded support. Once support is awarded for the winning bid, the eligible area identified in the winning bid will be designated as a study area. We expect that each respondent will already have practices in place to track and report much of the information collected here, including coverage maps and drive tests. Additionally, we expect that each respondent will use its auction long-form application as a blueprint for a portion of its annual report which requires updates to the information submitted in the auction long-form application.

We estimate that 70 respondents will provide reports every year for approximately 820 winning bids which are awarded support. For the Mobility Fund Phase 1 auction, we estimate that there will be up to 50 respondents with an estimated total of 800 winning bids and corresponding awards of support which will each require a response.

For the Tribal Mobility Fund Phase 1 auction, we estimate that there will be approximately 20 respondents and 1 winning bid and corresponding award of support for each respondent. We estimate that the average respondent will require 18 hours to comply with its annual reporting requirements. This estimate is based on past experience with the annual reporting requirement for eligible telecommunications carriers under

Section 54.209 of the Commission’s rules. A winning bidder may also use the annual report format if needed to provide information in order to obtain additional support disbursements which may require an additional hours during the first two or three reporting years. Those hours have been included in the total annual estimate for hours. We estimate that respondents will use engineers and analysts with an hourly cost of \$37.54 x 30% overhead costs, equivalent to the salary of a GS-12 Step 10 federal employee.

Estimates of the hour burden of the collection to respondents:

- (1) Number of respondents: Approximately 70 respondents.
- (2) Frequency of response: Annual and on occasion reporting requirements.
- (3) Total number of responses annually: Approximately 820 responses.

(4) Total estimate annual hour burden: Approximately **800 responses** per year for Mobility Fund Phase 1 and **20 responses** per year for Tribal Mobility Phase 1. The Commission estimates that respondents will have between one (1) and three hundred (300) responses, depending upon the number of winning bids for each respondent. The estimate of hours for each response is **18 hours** annually. The total annual hour burden is approximately **14,760 hours**.

$$\begin{array}{r}
 800 \times 18 = 14,400 \\
 \underline{20 \times 18 = 360} \\
 \text{Total} \quad 14,760
 \end{array}$$

(5) Total estimate of annualized cost to respondents for the hour burdens for collection of information: Approximately \$720,317.

The Commission estimates that parties will use in-house staff equivalent to a GS-12/Step 10 (\$37.54/hour) Federal employee, plus 30% overhead, to complete and submit the application.

$$\begin{array}{r}
 14,760 \text{ hours} \times \$37.54/\text{hour} = \$554,090 \\
 30\% \text{ overhead} = \quad \$166,227 \\
 \text{Total:} \quad \quad \quad \$720,317
 \end{array}$$

b. *Record Retention*. We expect that all winning bidders will already have record retention procedures in place and that the additional record retention imposed by this information collection will be minimal.

Estimates of the hour burden of the collection to respondents:

- (1) Number of respondents: Approximately 70 respondents.
- (2) Frequency of response: Recordkeeping requirement.

(3) Total estimate annual hour burden: 1 hour annually per respondent. The total annual hour burden is approximately 70 hours.

70 respondents x 1 hour = 70 hours.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: Approximately \$4,498

The Commission estimates that parties will use in-house staff equivalent to a GS-7/Step 5 (\$22.92 /hour) Federal employee, plus 30% overhead, to complete and submit the application.

70 hours x \$22.95/hour = \$1,607
30% overhead = \$ 482
Total: \$2,089

13. *Estimates of the cost burden of the collection to respondents.* There is no cost burden to the respondents for capital and start-up costs or operation and maintenance of purchase of services in connection with responding to the information collection in FCC Form 690. The information collected in FCC Form 690 should be collected and maintained as part of the customary and usual business or private practice of the applicant.

TOTAL CAPITAL AND START-UP COSTS or OPERATION AND MAINTENANCE (O&M) = \$0.

14. *Estimates of the cost burden to the Commission.* The Commission estimates that on average staff review of the information collected in FCC Form 690, including time spent by staff attorneys, engineers, and analysts will take three (3) hours per application. The cost to the Federal government will be minimal since an outside party administers the program.

Total Estimated Annual Cost to the Federal Government: 820 responses x 3 hours x \$57.13 (GS-14/Step 5) = \$140,540.

TOTAL ANNUAL COST TO THE GOVERNMENT: \$140,540

15. *Program changes or adjustment.* This is a new information collection resulting in a program change increase of 14,830 total annual burden hours.

16. *Collections of information whose results will be published.* The Commission will make any non-proprietary information publicly available on the Internet as the Commission deems appropriate.

17. *Display of expiration date for OMB approval of information collection.* The Commission seeks approval to not display the OMB expiration date on FCC Form 690. This will prevent the Commission from having to change the expiration date whenever

we re-submit this information collection for approval. The Commission will use an edition date on the form instead of the OMB expiration date. The Commission will publish the OMB control number and OMB expiration date in the Code of Federal Regulations. See 47 C.F.R. § 0.408.

18. *Exception to the certification statement for Paperwork Reduction Act submission (Item 19 of the OMB Form 83-1).* There are no exceptions to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-1.

B. Collections of Information Employing Statistical Methods:

No statistical methods are employed.