

SUPPORTING STATEMENT

A. Justification:

Circumstances that make collection necessary. Following the passage of the Telecommunications Act of 1996 (1996 Act), the Commission adopted interstate access charge and universal service support reforms. These reforms were designed to establish a “pro-competitive, deregulatory national policy framework” for the United States telecommunications industry.

Specifically, the Commission aligned the interstate access rate structure more closely with the manner in which costs are incurred, and created a universal service support mechanism for rate-of-return carriers (Interstate Common Line Support (ICLS)) to replace implicit support in interstate access charges with explicit support that is portable to all eligible telecommunications carriers.

To administer the ICLS mechanism, the Universal Service Administrative Company required, among other things, that rate-of-return carriers collect projected cost and revenue data. In addition, carriers were required to submit tariff data, including certain cost studies, to ensure that their rates are just and reasonable.

Pursuant to the November 18, 2011 *USF/ICC Transformation Order* (FCC 11-161), the Commission no longer requires rate-of-return carriers to conduct line port cost studies or cost studies to establish rates for certain optional switched access rate elements.

This collection is being submitted as a revision to:

- (1) Consolidate the universal service information collection requirements contained in the following sections with similar information collection requirements under OMB Control Number 3060-0986:
 - (a)(1) **FCC Form 508 (Projected Revenue Requirements (Rate of Return Carriers))**
(1,590 hours / 795 respondents / 795 responses)
 - (a)(2) **Projected Revenue Requirements (Average Schedule Carriers) – FCC Form 508**
(463 hours / 463 respondents / 463 responses)
 - (a)(3) **Projected Revenue Requirements (Updates for Rate-of-Return Carriers) – FCC Form 508**
(1,590 hours / 795 respondents / 795 responses)

Part 32 – Uniform System of Accounts for Telecommunications Companies**(a)(4) Projected Revenue Requirements (Updates for Average Schedule Carriers) – FCC Form 508**

(463 hours / 463 respondents / 463 responses)

(b)(1) True Ups (Annually) – FCC Form 509

(3,180 hours / 795 respondents / 795 responses)

(b)(2) True Ups (Average Schedule Carriers) – FCC Form 509

(463 hours / 463 respondents / 463 responses)

(b)(3) Validation of Cost and Revenues – no form required

(400 hours / 100 respondents / 100 responses)

(c)(1) Line Counts (Support in Non-Competitive Study Areas) – FCC Form 507

(7,548 hours / 1,258 respondents / 1,258 responses)

(c)(2) Line Counts (Support in Competitive Study Areas) – FCC Form 507

(26,232 hours / 1,093 respondents / 4,372 responses)

(d) Section 254(e) certifications – Section 54.904(a)

(2,516 hours / 1,258 respondents / 1,258 responses)

(2) Eliminate the following information collections which are no longer required:

(e) Optional Line Port Cost Study – no form required

Under the current rules, rate-of return carriers now allocate an amount equal to the amount they allocated in their most recent annual access tariff filing prior to the adoption of the *USF/ICC Transformation Order*. Thus, a line port cost study is no longer required. (480 hours / 12 respondents / 12 responses)

(f) Optional Tariff Filings

The *USF/ICC Transformation Order* capped switched access rates for two years and requires reductions to certain rates incrementally over time beginning in the third year. Thus, rate-of-return carriers should no longer incur the costs of studies otherwise needed to establish rates for these optional rate elements. (80 hours / 2 respondents / 2 responses)

(3) The Commission continues to require that the following information be reported. (See Question 12)

(g) GSF Allocation – no form required

Rate-of-return carriers that use general purpose computers to provide non-regulated billing and collection services are required to allocate a portion of their general purpose computer costs to the billing and collection category, which will require them to determine general purpose computer investment. Carriers may use the general purpose computer investment amount they

develop for a period of three years. The *USF/ICC Transformation Order* does not affect the

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requirement that carriers allocate these costs as part of the rate development process for common line and special access services. (2010 estimate: 1,332 hours / 200 respondents / 67 responses)

(h) Transport and Special Access Deaveraging – no form required

Rate-of-return carriers may modify their access tariffs to offer transport and special access services at deaveraged rates. The carriers must have a tariffed cross-connect element and define their applicable zones. Rate-of-return carriers do not have to file for approval of their zone plans before making a tariff filing. The *USF/ICC Transformation Order* capped rate-of-return carriers' switched access rates. Thus, rate-of-return carriers should no longer incur the costs of studies otherwise needed to establish deaveraged switched access transport rates. These carriers, however, still are able to deaverage special access rates because the *USF/ICC Transformation Order* does not affect these rates. (2010 estimate: 180 hours / 6 respondents / 6 responses)

Statutory authority for this collection of information is contained in sections 1-4, 10, 154(i), 154(j), and 201-205 of the Communications Act of 1934 as amended, 47 U.S.C. §§ 1-4, 10, 154(i), 154(j), and 201-205.

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

2. The Commission uses the tariff data to make sure that rates are just and reasonable, as required by sections 201-205 of the 1996 Act.
3. In an effort to reduce any burden created by these information collection requirements, the Commission encourages respondents to file their data electronically.
4. There will be no duplication of information filed. 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 statutory directives.
5. The collections of information may affect small entities as well as large entities. The collections have been carefully designed to minimize the burden on all carriers, regardless of size.
6. If the Commission does not collect the tariff data, the Commission and interested parties will be unable to ascertain whether tariff rates are just and reasonable.
7. The Commission does not foresee any special circumstances that would cause an information collection to be conducted under extraordinary circumstances.
8. Pursuant to 5 CFR 1320.8, the Commission placed a notice in the Federal Register 78 FR 79446, dated December 30, 2013. No comments were received.
9. The Commission does not anticipate providing any payment or gift to respondents.
10. The Commission does not request that respondents submit confidential information to the

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Commission. If the Commission does request applicants to submit information that the respondents believe is confidential, respondents may request confidential treatment of such information under the Commission’s rules, 47 C.F.R § 0.459.

- 11. There are no questions of a sensitive nature with respect to the information collections described herein.
- 12. Estimates of hour burden of the collection of information.

g. GSF Allocation:

- (1) Number of respondents: 200 carriers

The Commission estimates the number of carriers that will file the GSF allocation data to be 200 carriers.

- (2) Frequency of response: Once every three years

The Commission estimates that carriers will file the data once every three years.

- (3) Total Number of Responses Annually: 67 responses annually

200 carriers x 1 response/3 years = 200 responses

200 responses divided by 3 years = 66.7 responses/annum rounded to 67 responses

- (4) Annual hour burden per respondent: 1,332 hours

The Commission estimates that carriers require approximately 20 hours to file their data.

200 carriers x 20 hours/data filing x 0.333 = **1,332 hours**

- (5) Total “In House” Costs: \$99,272.63

The Commission estimates that each respondent uses staff equivalent to a GS-14/Step 5 (\$57.33/hour) Federal employee, plus 30% overhead, to file the data.

1,332 hours/annual data filing x \$57.33/hour = \$76,363
 30% overhead = \$22,909
 Total: \$99,272

h. Transport and Special Access Deaveraging:

- (1) Number of respondents: 2 rate-of-return carriers

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- (2)
- Frequency of response
- : On occasion reporting requirements

Each carrier has the option when it elects to file tariffs.

- (3)
- Total Number of Responses Annually
- : 2 responses

The Commission believes that each carrier elects to file tariffs implementing deaveraged transport and special access rates at least once annually.

2 carriers x 1 tariff filing/annum = 2 responses

- (4)
- Annual hour burden per respondent
- :

The Commission estimates that respondents require approximately 90 hours to file tariffs implementing deaveraged transport and special access rates.

2 carriers x 90 hours/tariff filing = **180 hours**

- (5)
- Total “In House” Costs
- : \$13,415

The Commission estimates that each carrier uses staff equivalent to a GS-14/Step 5 (\$57.33/hour) Federal employee, plus 30% overhead to prepare and file the deaveraged rate tariffs.

180 hours/deaveraged rate tariff filings x \$57.33/hour = \$10,319
 30% overhead = \$3,096
 Total: \$13,415

Total Number of Respondents: 200 + 2 = 202 respondents

Total Number of Responses Annually: 67 + 2 = 69 responses

Total Annual Hourly Burden: 1,332 + 180 = 1,512 hours

13. Estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.

- (1) Total annualized capital/start-up costs: \$0.00.

The collections will not require the purchase of additional equipment.

- (2) Total operation and maintenance and purchase of service component (O&M) costs:
- \$50,700**

- (4) Respondents are subject to a tariff filing fee of \$845.

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Based on the above, we expect 20 respondents to file approximately three tariff modifications per year.

20 respondents x 3 tariff modifications/annum x \$845/tariff filing fee = \$50,700

- (5) Total annualized cost requested: \$50,700
14. There will be few, if any, costs to the Commission because tariff review is already part of the Commission's duties.
15. The Commission notes the following changes since the previous submission consistent with recent reported data:
- (a) The universal service data requirements have been consolidated with similar information collection requirements under OMB Control Number 3060-0986. The 44,445 hours associated with the universal service requirements have been removed from 3060-0972.
 - (b) Two of the tariff data requirements are no longer required and the 560 hours associated with these requirements have been removed. With respect to the remaining tariff data requirements, the Commission has decreased its annual burden estimate by 360 hours.
 - (c) The total annual hourly burden for the collection of information is estimated to be 1,512 hours, a decrease of 45,373 hours from the 46,885 hours previously reported. We note that we inadvertently miscalculated the burden and costs for section (g) in 2010 and that the correct annual hourly burden is 1,332, a decrease of 8 hours from the 1,340 hours previously reported, and that the correct in-house costs are \$99,272, a decrease of \$596 from the costs previously reported.
 - (d) The number of respondents is estimated to be 202 respondents, a decrease of 7,295 respondents from the 7,497 respondents previously reported.
 - (e) The total number of responses is estimated to be 69, a decrease of 10,780 responses from the 10,849 responses previously reported, due to consolidation in the marketplace.
 - (f) The total annual cost burden is estimated to be \$50,700, an increase of \$1,800 from the \$48,900 previously reported, due to an increase in the tariff filing fee from \$815 to \$845.
 - (g) The statutory authority for this collection has been updated to reflect the removal of the universal service requirements and two of the tariff data requirements. Statutory authority for this revised information collection is contained in sections 1-4, 10, 154(i), 154(j), and 201-205 of the
 - (h) Communications Act of 1934 as amended, 47 U.S.C. §§ 1-4, 10, 154(i), 154(j), and 201-205.
 - (i) 201-205 rntently miscalculated the burden (and costs) for (g) in 2010
 - (j) Based on removal of the universal service and two of the tariff data requirements, the frequency

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of response is now an on-occasion reporting requirement and an every three years reporting requirement. In addition, the respondents are now limited to business or other for-profit institutions.

The collection of information continues to be necessary to implement the 1996 Act.

16. Non-proprietary information will likely be made publicly available although the Commission does not have specific plans for doing so at this time. Respondents may request confidential treatment of certain information filed with USAC.
17. The Commission seeks continued OMB approval not to display the expiration date for OMB approval of the information collections.
18. The Commission published a Federal Register Notice seeking comments from the public on December 30, 2013 (78 FR 79446). In the notice, the Commission inadvertently stated the type of review for OMB control number 3060-0972 as an “extension” instead of a “revision.” The Commission is submitting collection 3060-0972 to the Office of Management and Budget (OMB) as a revision. The Commission also corrected the type of review for the collection as a revision in its published 30-day Federal Register Notice (79 FR 26756) on May 9, 2014.

B. Collections of Information Employing Statistical Methods:

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