

**SUPPORTING STATEMENT**

**A. Justification:**

*1. Circumstances that make the collection necessary:*

In the 1999 *Fifth Report and Order (Pricing Flexibility Order)* of the *Access Charge Reform* proceeding,<sup>1</sup> the Commission modified the rules that govern the provision of interstate access services by local Exchange Carriers (LECs) subject to price regulation to advance the pro-competitive, deregulatory national policies embodied in the Telecommunications Act of 1996 (the Act).

**Current Information Collection Requirement previously approved by the Office of Management and Budget (OMB):**

The Commission granted immediate pricing flexibility to price cap LECs in the form of streamlined introduction of new switched access services without prior approval or cost support information.<sup>2</sup> The Commission modified its rules to eliminate the public interest showing required by section 69.4(g) of the Commission's rules<sup>3</sup> and to enable price cap LECs to establish any new switched access rate element, in addition to the access rate elements currently required by section 69.4.<sup>4</sup> The Commission also eliminated the new services test in sections 61.49(f) and (g)<sup>5</sup> for all new switched access services except for loop-based switched access services.<sup>6</sup>

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<sup>1</sup> See *Access Charge Reform*, CC Docket No. 96-262 *et al.*; *Price Cap Performance Review*, CC Docket No. 94-1; *Fifth Report and Order and Notice of Proposed Rulemaking*, 14 FCC Rcd 14221 (1999) (FCC 99-206) (*Pricing Flexibility Order*), *aff'd*, *WorldCom v. FCC*, 238 F.3d 449 (D.C. Cir. 2001).

<sup>2</sup> See *Pricing Flexibility Order*, 14 FCC Rcd at 14239-41, paras. 37-39.

<sup>3</sup> 47 C.F.R. §69.4(g). Under this section, a price cap LEC must file a petition showing that its proposed new loop-based switched access rate element would be in the public interest or that another LEC previously has established the same rate element.

<sup>4</sup> See *Pricing Flexibility Order*, 14 FCC Rcd at 14240-41, para. 39. Section 69.4(g) subsequently became "reserved" section 69.4(f) as a result of a Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket Nos. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket No. 98-77 and 98-166 released on November 8, 2001. See 66 Fed. Reg. 59719, 59729 (Nov. 30, 2001).

<sup>5</sup> 47 C.F.R. §§61.49(f) and (g). Pursuant to these sections, a price cap LEC must show how its new service rates will recover no more than the carrier's direct costs of providing the service, plus a reasonable level of overheads, and no less than the carrier's direct costs of providing the service. Those tariffs must be filed on at least 15 days' notice. A price cap LEC must incorporate its new services into the appropriate price cap basket and indices within six to 18 months after the new service tariff takes effect, in conjunction with the carrier's annual access tariff filing.

<sup>6</sup> The Commission was concerned that new services that employ local loop facilities raise cost allocation issues that the Commission has not yet addressed. *Pricing Flexibility Order*, 14 FCC Rcd at 14240-41, para. 39.

**Section 61.49, Price Cap Performance Review for Local Exchange Carriers CC Docket 94-1, FCC 99-206 (New Services)**

**3060-0770  
October 2014**

For price cap LECs introducing new loop-based switched access services, the information collection requirement is as follows:

New Services Test (Sections 61.49(f) and (g)): A price cap LEC must show how its new service rates will recover no more than the carrier's direct costs of providing the service, plus a reasonable level of overheads, and no less than the carrier's direct costs of providing the service. Those tariffs must be filed on at least 15 days' notice. A price cap LEC must incorporate its new services into the appropriate price cap basket and indices within six to 18 months after the new service tariff takes effect, in conjunction with the carrier's annual access tariff filing.

**Revised Information Collection Requirement:**

This collection is being submitted to the OMB to receive approval for this revised information collection which removes rule sections from this collection which are not applicable to this collection but were inadvertently included in prior submissions. There are no changes in the burden hours, costs or reporting requirements. There are no program changes as a result of this revision. The Commission is reporting adjustments to this collection and they are described in item 15 of this Supporting Statement.

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

Statutory authority for this information collection is Sections 1, 4(i), 4(j), 201-205, 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 154(j), 201-205, 303(r), 403, and 5 U.S.C. § 553.

2. The information submitted by price cap LECs will enable the Commission to determine whether the proposed rates for new loop-based switched access services are in the public interest and whether they meet the new services test.
3. Generally, there is no improved technology identified by the Commission to reduce the burden of these collections. However, the Commission does not prohibit the use of improved technology where appropriate.
4. We know of no duplication of this information. There is no similar information available in this area.
5. The burden has been minimized for all subject to this collection.

**Section 61.49, Price Cap Performance Review for Local Exchange Carriers CC Docket 94-1, FCC 99-206 (New Services)**

**3060-0770  
October 2014**

6. Failing to collect the information would violate the language and/or intent of the 1996 Act; to ensure that access to the evolving, advanced telecommunications infrastructure would be made broadly available in all regions of the nation at just, reasonable and efficient rates.
7. We are not aware of any circumstances that require the collection to be conducted in any manner inconsistent with the guidelines in 5 C.F.R. § 1320.5.
8. The Commission published a 60-day Notice in the *Federal Register* on July 16, 2014, (79 FR 41557) seeking comments from the public. No comments were received as a result of the Notice.
9. The Commission does not anticipate providing any payment or gift to respondents.
10. No information of a confidential nature is being sought; however, respondents may request materials or information submitted to the Commission to be withheld from public inspection under section 0.459 of the Commission's rules (47 C.F.R. § 0.459). *See also* 47 C.F.R. § 1.774(b).
11. There are no questions of a sensitive nature with respect to the information collected.
12. The following represents the estimated hour burden of the information collection. This estimate includes the time required to meet the public interest and new services requirements.

- (1) Number of respondents: 13.
- (2) Frequency of response: On occasion reporting requirement.
- (3) Total number of responses annually: 13.

13 respondents x 1 response each per year = 13 responses.

- (4) Annual hour burden per respondent: 10 hours.
- (5) Total annual burden: **130 hours.**

The Commission estimates that price cap LECs would make 1 filing per year, each of which would take approximately 10 hours to prepare.

13 respondents x 1 filing/year x 10 hours = 130 hours.

- (6) Total estimate of "in house" cost to respondents: **\$7,150.**

**Section 61.49, Price Cap Performance Review for Local Exchange Carriers CC Docket 94-1, FCC 99-206 (New Services)**

**3060-0770  
October 2014**

(7) Explanation of the calculation:

The Commission estimates that the respondents will use senior financial staff to prepare the cost support data, at a cost of approximately \$55 per hour. Thus:

$$130 \text{ hours/year} \times \$55/\text{hour} = \mathbf{\$7,150}$$

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

These information collection requirements impose no start-up costs on respondents.

- 13b. Estimated operations and maintenance cost to respondents:

Respondents are subject to a filing fee of \$845 per filing, which has increased from \$815 per filing since the last submission was approved by OMB. We anticipate that approximately 13 respondents will be subject to the filing requirement. Thus:

$$13 \text{ responses} \times 1 \text{ annual response} \times \$845 \text{ filing fee} = \mathbf{\$10,985.}$$

14. Estimated costs to the Commission: \$2,860.

$$\text{Approximately 4 hours to review each filing} \times 13 \text{ filings per year} \times \$55 \text{ per hour} = \mathbf{\$2,860.}$$

15. The Commission notes the following changes since the last submission to the OMB:

- (a) We have adjusted the total number of respondents from 21 to 13 based on a decrease in the number of price cap carriers. The total number of annual responses has decreased from 21 to 13 and the total annual burden has decreased from 210 hours to 130 hours.
- (b) We have adjusted the total estimate of "in house costs" to respondents based on the current salary table. We estimate that respondents will use senior staff to prepare the cost support data, at a cost of approximately \$55 per hour. This adjustment results in a decrease of \$9,650 in-house costs to respondents, from \$16,800 to \$7,150.
- (c) The Commission has increased the tariff filing fee from \$815 to \$845, but due to the decrease in the number of respondents that cost was offset. Therefore, there is a decrease in the total annual cost of \$6,220.
- (d) We have eliminated references to sections 1.774, 69.707, 69.713, and 69.729 because, based on further review, we found that these sections are not applicable to this information collection and were inadvertently included in earlier submissions. Also, these rule sections already have PRA coverage under collection 3060-0760. Therefore, the Commission is also removing the rule

sections from this collection to avoid duplication. We also inadvertently included sections 61.55 and 61.58 in earlier submissions. The Commission has determined that these rules sections do

**Section 61.49, Price Cap Performance Review for Local Exchange Carriers CC Docket 94-1, FCC 99-206 (New Services)**

**3060-0770  
October 2014**

not impose PRA burdens because they are simply general tariff and notification filing requirements.

16. The Commission does not anticipate that it will publish any of the information collected.
17. The Commission does not seek approval not to display the expiration date for the information collection.
18. There are no exceptions to the certification statement.

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

This collection does not employ statistical methods.