

SUPPORTING STATEMENT

This information collection 3060-0233 is being submitted to obtain OMB approval for revised information collection requirements as a result of moving currently approved existing requirements from 47 C.F.R. Part 36 to 47 C.F.R. Part 54.

On April 23, 2014, the Commission adopted a *Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking* (the “Order”) in WC Docket Nos. 10-90, 14-58, 07-135; WT Docket No. 10-208; CC Docket No. 01-92; FCC 14-54. The Order adopted rule amendments moving certain rule requirements regarding High Cost Loop Support (HCLS), which was located in subpart F of Part 36, into new subpart M of Part 54 in order to consolidate all high-cost rules into Part 54.

**A. Justification:**

1. In order to determine which carriers are entitled to universal service support, all rate-of-return regulated (rate-of-return) incumbent local exchange carriers (LECs) must provide the National Exchange Carrier Association (NECA) with the loop cost and loop count data required by section 54.1305 for each of its study areas and, if applicable, for each wire center as that term is defined in 47 C.F.R. Part 54. See 47 C.F.R. §§ 54.1305 and 54.5. The loop cost and loop count information is to be filed annually with NECA by July 31<sup>st</sup> of each year, and may be updated occasionally pursuant to section 54.1306. See 47 C.F.R. § 54.1306. Pursuant to section 54.1307, the information filed on July 31<sup>st</sup> of each year will be used to calculate universal service support for each study area and is filed by NECA with the Commission on October 1 of each year. See 47 C.F.R. § 54.1307. An incumbent LEC is defined as a carrier that meets the definition of “incumbent local exchange carrier” in section 51.5 of the Commission’s rules. See 47 C.F.R. § 51.5.

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

This submission is being made pursuant to authority contained in sections: 47 U.S.C. §§ 151, 154(i) and (j), 221(c) and 410 (c) of the Communications Act of 1934, as amended.

2. *Use of information.* The requirements contained herein are necessary to implement the congressional mandate for universal service. The reporting requirements are necessary to verify that non-rural and rural LECs are eligible to receive universal service support. Information filed with NECA pursuant to section 54.1305 is used to calculate universal service support payments to eligible carriers. Without this information, NECA and Universal Service Administration Company (USAC) would not be able to calculate such payments to eligible carriers.
3. *Technological collection techniques.* There is currently no improved technology to reduce the burden of collection. Nothing in Part 54 precludes the use of improved information technology.
4. *Efforts to identify duplication.* There will be no duplication of information filed. There is no similar information already available.
5. *Impact on small entities.* The burden has been minimized for all respondents as much as possible. Section 254 (b) of the Communications Act 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 our adoption of the additional principle of competitive neutrality will favorably impact all business entities, including smaller entities. The collections of information may affect small entities as well as large entities.
6. *Consequences if information is not collected.* Failing to collect the information, or collecting it less frequently, would prevent the Commission from carrying out its mandate. Sections 54.1305 and 54.1306 require the submission of data by the local telephone companies to NECA and USAC. If the data submissions were collected less frequently, the fund administrator would not be able to calculate universal service payments.
7. *Special circumstances.* There are no such special circumstances with this collection of information
8. *Federal Register Notice.* A 60 day notice was published in the Federal Register pursuant to 5 C.F.R. § 1320.8 (d). See 80 FR 30236, dated May 27, 2015. No PRA comments were received.
9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payment or gift to respondents.
10. *Assurances of confidentiality.* No assurance of confidentiality has been given regarding the information. However, respondents may request materials or information submitted to the Commission be withheld from public inspection under 47 C.F.R. § 0.459 of the FCC's rules.

11. *Questions of a sensitive nature.* There are no questions of a sensitive nature with respect to the information being collected.

12. *Estimates of the hour burden of the collection to respondents.* The following represents the estimates of our burden of the collection of information:

**a. Submission of Information to the National Exchange Carrier Association (NECA) (Currently approved):**

(1) Number of respondents: Approximately 1,095.

(2) Frequency of response: Annually.

(3) Annual hour burden per respondent: 22 hours per respondent for 1,095 respondents filing on an annual basis. Total annual hour burden is: 1,095 respondents x 22 hours = **24,090 total annual hours.**

(4) Total estimate of annualized cost to respondents for the hour burden: \$963,600 (24,090 hours x \$40/hour).

(5) Explanation of calculation: We estimate that the time to comply with the requirement will be 24,090 hours x \$40/hr. (administrative staff time) = \$963,600.

**b. Updating Information submitted to the National Exchange Carrier Association (NECA) (Currently approved):**

(1) Number of respondents: Approximately 140 (This is the number of unique respondents, i.e., carriers that file both annual and on occasion filings are not counted twice).

(2) Frequency of responses: On occasion.

(3) Annual hour burden per respondent: 22 hours per respondent for 140 respondents filing on occasion. Total annual hour burden is: 140 respondents x 3 responses/year = 420 responses. 420 responses x 22 hours = **9,240 total annual hours.**

(4) Total estimate of annualized cost to respondents for the hour burden: \$369,600. (9,240 x \$40/hour).

(5) Explanation of calculation: We estimate that the time to comply with the requirement will be 9,240 hours x \$40/hr. (administrative staff time) = \$369,600.

The hour burden for each carrier is not expected to vary widely because of differences in activity, size, or complexity.

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

<b>Information Collection Requirements</b>	<b>Number of Respondents</b>	<b>Number of Responses Per Year</b>	<b>Estimated Time per Response (hours)</b>	<b>Total Burden Hours</b>	<b>In-house Office and Overhead Costs</b>
<b><u>a.Submission of Information to the National Exchange Carrier Association (NECA) (Currently Approved)</u></b>	1,095	1,095	22	24,090	\$963,000
<b><u>b. Updating Information submitted to the National Exchange Carrier Association (NECA) (Currently approved)</u></b>	140	140 x 3 = 420 Responses	22	9,240	\$369,600
<b>TOTALS:</b>	<b>1,095 (Unique Respondents)</b>	<b>1,515</b>	<b>22</b>	<b>33,330</b>	<b>\$1,332,600</b>

**Total Number of Respondents: 1,095 Unique Respondents.**

**Total Number of Responses Annually: 1,515.**

**Total Annual Hourly Burden for requirements: 33,330 hours.**

**Total Annual “In House” Costs: \$1,332, 600.**

13. *Estimates for the cost burden of the collection to respondents.* There are no outside contracting costs for this information collection.

14. *Estimates of the cost burden to the Commission.* There will be few, if any, costs to the Commission because an outside party administers the program and review and oversight are already part of the Commission's duties. Staff will evaluate data submitted by the fund administrator once received. The Commission will utilize its current staff to examine the plans.
15. *Program changes or adjustments.* The Commission is reporting adjustments/decreases to the number of respondents, responses and annual burden hours for this collection. There is a decrease in the number of respondents from 1,162 to 1,095 (67), a decrease in the number of responses from 1,582 to 1,515 (67) and a decrease in the total annual burden hours from 34,804 to 33,330 (1,474).

There are no program changes.
16. *Collections of information whose results will be published.* The information will not be published.
17. *Display of expiration date for OMB approval of information collection.* 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.* 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.