

## SUPPORTING STATEMENT

### A. Justification:

#### 1. *Circumstances that make the collection of information necessary.*

This submission is being made as a revision to an existing information collection pursuant to 44 U.S.C. § 3507. The revision requires the forms in this collection to be filed electronically online (currently, the forms may be filed either electronically or on paper). This submission also removes the third party disclosure burden hours, because there are no longer any respondents subject to a third party disclosure requirement. There are no other substantive revisions to the currently approved information collection, other than updates to the number of entities affected and the burden hours based on the Commission's historical experience with the program. Additionally, because the collection expires in October 2014, the Commission is seeking to extend the currently approved requirements contained in the collection.

### *History*

#### Universal Service Fund Contributions

In the Communications Act of 1934, as amended (the Act), Congress directed the Commission to implement measures necessary to promote the advancement of universal service. Specifically, section 254 of the Act directs the Commission to establish universal service support mechanisms with the goal of ensuring the delivery of affordable telecommunications services to all Americans, including consumers in high-cost areas, low-income consumers, eligible schools and libraries, and rural health care providers. In furtherance of this goal, section 254(d) of the Act states that “[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service.” Section 254(d) also vests the Commission with the permissive authority to require “[a]ny other provider of interstate telecommunications . . . to contribute to the preservation and advancement of universal service if the public interest so requires.”

The Commission has taken numerous steps to carry out the universal service objectives established by the Act. As part of its efforts to ensure the ongoing stability and sufficiency of the universal service support system in an increasingly competitive marketplace, the Commission initiated a proceeding to revisit its universal service contribution methodology in May 2001 (*Notice*). Seeking to further develop the record regarding various proposals submitted in response to the *Notice*, the Commission released a Further Notice of Proposed Rulemaking and Report and Order (*First Further Notice*) in February 2002. The *First Further Notice* invited commenters to supplement the record with any new arguments or data on proposals to retain or modify the existing, revenue-based assessment methodology. In a subsequent order and further notice, the *Second Wireless Safe Harbor Order*, the Commission sought additional comment on capacity-based proposals that had been developed in the record. The Commission also sought comment on a telephone-number based proposal advanced by AT&T and the Ad Hoc Telecommunications Users Group. The Commission subsequently sought comment on a Commission staff study, which estimated potential contribution assessment levels under the then-newly modified revenue-based method and the three connection-based proposals in the further notice portion of the *Second Wireless Safe Harbor Order*. It also sought comment on various alternative contribution methodologies.

In the *2006 Contribution Methodology Order*, the Commission adopted interim modifications to the existing methodology for assessing contributions to the federal universal service fund in order to maintain the stability and sufficiency of the fund in the near-term in response to marketplace changes while the Commission continued to examine more fundamental reform. Specifically, the Commission raised the interim wireless safe harbor from 28.5 percent to 37.1 percent. In conjunction with this increase, the Commission also required wireless carriers that use traffic studies to submit them no later than the deadline for submitting the FCC Form 499-Q that reflects the results of that study. The Commission also set forth rules requiring providers of certain voice over Internet Protocol (VoIP) services that interconnect with the nation's existing public switched telephone network (interconnected VoIP providers) to contribute to universal service support mechanisms. To fulfill this obligation, the Commission adopted three means by which interconnected VoIP providers could determine their contribution requirements. First, they may report based on their actual interstate and international telecommunications revenues. Second, interconnected VoIP providers may report revenues based on an interim safe harbor that allows the reporting of 64.9 percent of interconnected VoIP telecommunications revenues as interstate and international. Third, interconnected VoIP providers may report their revenues based on traffic studies.

### Telecommunications Relay Service Fund Contributions

On June 15, 2007, the Commission released the *TRS Contribution Order*, requiring interconnected VoIP providers to contribute to the Telecommunications Relay Service (TRS) Fund.

On October 28, 2010, President Obama signed into law the Twenty-First Communications and Video Accessibility Act of 2010 (CVAA), Public Law 111-260. In section 103(b) of the CVAA, Congress added a new section 715 to the Act. That section directed the Commission, within one year after the date of enactment of the CVAA, to require each interconnected VoIP service provider and each provider of non-interconnected VoIP service to participate in and contribute to the TRS Fund established in section 64.604(c)(5)(iii) of the Commission's rules. On October 7, 2011, the Commission released the *Contributions to the TRS Fund Report and Order (Report and Order)* FCC 11-150, adopting rules to implement section 715 of the Act. The *Report and Order* takes the following actions: requires non-interconnected VoIP service providers with interstate end-user revenues that are subject to contribution to the TRS Fund to register with the Commission, designate a District of Columbia agent for service of process, annually file an FCC Form 499-A, and contribute to the TRS Fund; extends the 64.9 percent safe harbor provision for calculating interstate end-user revenues to non-interconnected VoIP service providers; maintains interstate end-user revenues as the basis for calculating TRS Fund contributions; requires no contributions to the TRS Fund by non-interconnected VoIP service providers that offer services for free and have zero interstate end-user revenues.

### Other Mechanisms

The information provided through this collection, in particular through the FCC Form 499-A, is also used to administer the cost recovery mechanisms for numbering administration and long-term number portability, and calculate FCC regulatory fees for interstate telecommunications service providers.

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 contained in sections 151, 154(i), 154(j), 155, 157, 159, 201, 205, 214, 225, 254, 303(r), 715 and 719 of the Act, 47 U.S.C. §§ 151, 154(i), 154(j), 155, 157, 159, 201, 205, 214, 225, 254, 303(r), 616, and 620.

## ***2. Use of information.***

This information collection requires contributors to the federal universal service fund, telecommunications relay service fund, and numbering administration to file, pursuant to sections 151, 225, 251 and 254 of the Act, a Telecommunications Reporting Worksheet on an annual basis (FCC Form 499-A) and/or on a quarterly basis (FCC Form 499-Q). The information is also used to calculate FCC regulatory fees for interstate telecommunications service providers.

## ***3. Use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.***

Respondents are able to obtain copies of the Telecommunications Reporting Worksheet (Worksheet) from the Universal Service Administrative Company (Administrator or USAC), the Commission's website or the Commission's fax-on-demand system. Worksheets are filed with the Administrator and currently can be submitted electronically or on paper. Forms may be downloaded electronically and arrangements can be made for the electronic payment of universal service contributions.

Beginning in April 2015, the Commission intends to move to electronic-only filing for the FCC Forms 499-A and 499-Q (*i.e.*, beginning with the April 2015 FCC Form 499-A and the May 2015 FCC Form 499-Q). This will provide filers with a transition period to adjust to the new electronic filing requirements, effective April 2015. The electronic filing interface already exists through USAC's web site. If any filers lack sufficient Internet access to submit the forms through USAC's web site, they will be able to contact USAC's help desk via telephone to obtain assistance with meeting the filing requirements. Since all filers are telecommunications providers, the Commission expects very few, if any, filers to lack sufficient Internet access to require such assistance.

The online implementation of the forms being provided with this submission may not, in non-material respects, exactly resemble the paper "draft" of the forms. For example, each "Block" on the forms could be a separate "screen" in the online system, and USAC will include standard and necessary navigation buttons on the screens such as "Save," "Go to next screen," "Go back," etc. In addition, the online implementation may utilize functions, such as drop-down menus, that will simplify the filing process for filers but may not be readily apparent from the paper "draft" of the forms. USAC may also collect information that relates to online account security (e.g. requiring a password to access a specific account, or permissions to allow more than one person to access a specific account). USAC may also provide additional instructions (beyond those provided in this filing) that explain the mechanics of using the online filing system. Further, in order to properly identify the forms, USAC will update the month and year of the online forms to reflect the filing schedule. The Commission will also adjust the circularity factor, as necessary each year, based upon the quarterly contribution factors. These aspects of the system, as well as the aspects of online filing that will reduce the time burden of filing, have been factored into the burden hour estimates below.

## ***4. Efforts to identify duplication.***

The information sought is unique to each contributor and similar information would not be available to the Commission from other sources. Without this information, contributions to the federal universal service support mechanisms (and other federal programs) could not be calculated. The Commission is not aware of any similar information already available that can be used or modified for the purposes described in Item 2 above.

## ***5. Impact on small businesses or other small entities.***

As a general proposition, Congress has required that all telecommunications carriers contribute to these support and cost recovery mechanisms. In addition, Congress has given the Commission authority to require contributions from any other providers of telecommunications. As such, the information collection requirements may affect small entities, as well as large entities. The Commission has taken steps to ensure that these mechanisms are competitively neutral -- which will favorably affect all entities, including small entities. The Commission also has retained the *de minimis* exemption to ensure that compliance costs associated with contributing to universal service do not exceed actual contribution amounts.

**6. *Consequence if information is not collected.***

Funding for the universal service support mechanisms (derived from statutory mandates) depends on accurate information from contributors. The frequency of filing the Worksheet is determined by the Commission. Contributors to the federal universal service support mechanisms are currently required to submit the Worksheet annually and quarterly. Only by collecting data this frequently can the Commission continue to ensure that the federal universal service support and TRS Fund reimbursement mechanisms meet the statutory requirement to be specific, predictable, and sufficient.

**7. *Special circumstances.***

No special circumstances apply to this information collection.

**8. *Federal Register notice; efforts to consult with persons outside the Commission.***

Pursuant to 5 CFR § 1320.8(d), the Commission published a 60 day *Federal Register* notice in the *Federal Register* on June 30, 2014 *see* 79 FR 36803 seeking comments from the public on the information collection requirements contained in this supporting statement. No comments were received from the public.

**9. *Payments or gifts to respondents.***

The Commission does not anticipate providing any payment or gift to respondents.

**10. *Assurances of confidentiality.***

The Commission will allow respondents to certify that data contained in their submissions are privileged or confidential commercial or financial information and that disclosure of such information would likely cause substantial harm to the competitive position of the entity filing the Worksheet. If the Commission receives a request for or proposes to disclose the information, the respondent would be required to make the full showing pursuant to the Commission's rules for withholding from public inspection information submitted to the Commission.

**11. *Questions of a sensitive nature.***

The information collection does not address any matters of a sensitive nature.

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

The following represents the hour burden on the collections of information discussed herein.

*Filing FCC Form 499-A:*

(1) Number of respondents: There are approximately 6,700 telecommunications carriers and other providers of telecommunications that may be subject to the filing requirements.

(2) Frequency of response: Annual reporting requirement. Based on the estimated number of respondents and the frequency of responses, we estimate that the annual total number of responses will be 6,700 for this form.

(3) Annual hour burden per respondent: 13.5 hours per respondent. Total annual burden: 90,450 hours (6,700 respondents x 13.5 hours per respondent for the annual filing). This average includes estimates for the time needed to identify, compile, and in some cases, estimate information at the requested level of detail. We also note that the estimate provided is an average, with some respondents requiring more time to complete the worksheets and others requiring less time. The burden estimate is based on our prior experience with the Worksheet.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$4,070,250.

(5) Explanation of the calculation: \$4,070,250. As explained above, we estimate that 6,700 carriers and other providers of telecommunications will file the annual report, taking an average of 13.5 hours to complete the annual report. We assume that respondents will use some combination of staff and in house attorney services (blended rate of \$45/hour) when preparing the Worksheets. Thus 6,700 (number of respondents) x 13.5 (hours per respondent for the annual filing) x \$45 (per hour cost) = \$4,070,250.

*Filing FCC Form 499-Q:*

(1) Number of respondents: There are approximately 3,100 telecommunications carriers and other providers of telecommunications that may be subject to the filing requirements.

(2) Frequency of response: Quarterly reporting requirement. Approximately 3,100 of the respondents may have to file the FCC Form 499-Q.

(3) Annual hour burden per respondent: 10 hours per respondent. Total annual burden: 124,000 hours (3,100 respondents x 10 hours per respondent for the annual filing x 4 quarterly filings = 124,000). This average includes estimates for the time needed to identify, compile, and in some cases, estimate information at the requested level of detail. We also note that the estimate provided is an average, with some respondents requiring more time to complete the worksheets and others requiring less time. The burden estimate is based on our prior experience with the Worksheet.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$5,580,000.

(5) Explanation of the calculation: \$5,580,000. As explained above, we estimate that approximately 3,100 may be required to file four quarterly reports, taking an average of 10 hours to complete each quarterly report. We assume that respondents will use some combination of staff and in house attorney services (blended rate of \$45/hour) when preparing the Worksheets. Thus, 3,100 (number of respondents) x 4 (quarterly filings) x 10 (hours per respondent for the annual filing) x \$45 (per hour cost) = \$5,580,000.

*Filing Traffic Studies (Wireless, Interconnected VoIP, and Non-Interconnected VoIP Providers):*

(1) Number of respondents: We estimate that there are approximately 900 wireless providers, and approximately 1300 providers who provide interconnected VoIP and/or non-interconnected VoIP services. Interconnected VoIP and non-interconnected VoIP providers utilize the same traffic “safe harbor,” but wireless providers are subject to a separate safe harbor. Therefore, if a company provides both wireless *and* “VoIP” services (interconnected VoIP and/or non-interconnected VoIP), the company is counted as two separate respondents, because it may conduct two separate traffic studies for the wireless and the “VoIP” revenues. If a company provides both interconnected VoIP and non-interconnected VoIP services, but does not provide wireless services, it is counted as a single respondent.

Using the methodology above, we estimate that approximately 250 respondents will file a traffic study.

(2) Frequency of response: Quarterly reporting requirements. The estimated 250 respondents that elect to file traffic studies would be required to complete those studies quarterly.

(3) Annual hour burden per respondent: We estimate 25 hours per respondent. Thus  $25 \text{ (hours per submission)} \times 250 \text{ (number of respondents)} \times 4 \text{ (for each quarterly filing)} = 25,000$  hours (total ongoing burden). We note that the estimate provided is an average, with some respondents requiring more time to complete the worksheets and others requiring less time.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$1,125,000.

(5) Explanation of the calculation: \$1,125,000. As explained above, we estimate that 250 wireless and interconnected VoIP providers will file traffic studies on a quarterly basis, taking 25 hours to complete each quarterly traffic study. We assume that respondents will use some combination of staff and in house attorney services (blended rate of \$45/hour) when preparing the traffic studies. Thus total annual burden hours **25,000** (total burden hours)  $\times$  \$45 (per hour cost) = \$1,125,000.

*Recordkeeping Requirement:*

(1) Number of respondents: There are approximately 6,700 telecommunications carriers and other provider of telecommunications that must maintain records in connection with their filings. Because all traffic study filers file the FCC Form 499-Q and FCC Form 499-Q respondents file the FCC Form 499-A, the total number of respondents required to keep records is equal to the number of FCC Form 499-A respondents (i.e., 6,700).

(2) Frequency of response: Recordkeeping requirement. Approximately 20,100 occurrences when a telecommunications carrier and other providers of telecommunications must maintain records in connections to their filings. Thus,  $6,700 \text{ (FCC Form 499-A responses)} + 12,400 \text{ (FCC Form 499-Q responses)} + 1,000 \text{ (traffic study submissions)} = 20,100$  responses.

(3) Annual hour burden per respondent: .25 hours per occurrence (20,100 occurrences). Total annual burden hours:  $.25 \text{ (hours per occurrence)} \times 20,100 \text{ occurrences} = 5,025$  hours. This average includes estimates for the time needed to maintain records and documentation to support the filed information. We also note that the estimate provided is an average, with some respondents requiring more time to complete the requirement and others requiring less time. The burden estimate is based on our prior experience with recordkeeping.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$226,125.

(5) Explanation of the calculation: \$226,125. As explained above, we estimate that approximately 20,100 occurrences when a telecommunications carrier or other provider of telecommunications must maintain records in connection with its filing, taking an average of .25 hours to complete each response. The 20,100 occurrences include maintaining records for the annual FCC Form 499-A filing, four quarterly FCC Form 499-Q filings, and four quarterly traffic study filings. We assume that respondents will use some combination of staff and in house attorney services (blended rate of \$45/hour) when preparing the Worksheets. Thus 20,100 (total annual and quarterly responses) x .25 (hours per occurrence) x \$45 (per hour cost) = \$226,125.

*Notification Requirement:*

(1) Number of respondents: There are approximately 1,450 telecommunications carriers and other providers of telecommunications that may be required to file a notification to report information such as new filer status, changed registration information, changed designated agent for service of process information, or revised revenue information.

(2) Frequency of response: On occasion reporting requirement. Approximately 1,450 of the respondents may be required to file a notification.

(3) Annual hour burden per respondent: 2 hours per respondent. Total annual burden hours: 2,900 hours (2 hours per respondent x 1,450 respondents. This average includes estimates for the time needed to identify, compile, and in some cases, estimate information at the requested level of detail. We also note that the estimate provided is an average, with some respondents requiring more time to complete the notification and others requiring less time. The burden estimate is based on our prior experience with the Worksheet.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$130,500.

(5) Explanation of the calculation: \$130,500. As explained above, we estimate that approximately 1,450 telecommunications carriers and other providers of telecommunications may be required to file a notification, taking an average of 2 hours to complete the notification. We assume that respondents will use some combination of staff and in house attorney services (blended rate of \$45/hour) when preparing the Worksheets. Thus 2 (hours per respondent) x 1,450 (respondents) x 1 (number of required submissions) x \$45 (per hour cost) = \$130,500.

*Third Party Disclosure Requirement:*

There are no longer any respondents subject to a third party disclosure requirement, and the burden hours have been removed from this submission. The program changes to this information collection, due to the elimination of the third-party disclosure requirement, result in the reduction of 3 respondents and 6 annual burden hours.

**Cumulative totals:**

<b>Total number of respondents:</b>	<b>6,700</b>
<b>Total number of annual responses:</b>	<b>41,650</b>
<b>Total annual burden hours:</b>	<b>247,375 hours</b>
<b>Total “in-house” costs to the respondent:</b>	<b>\$11,131,875</b>

**13. Estimates for cost burden of the collection to respondents.**

There are no outside contracting costs for this information collection. In-house costs are reflected in item 12 above.

**14. Estimate 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 the Commission's duties. Moreover, there will be minimal cost to the federal government since outside parties administer the mechanisms.

**15. Program changes or adjustments.**

Although the Commission revises the existing information collection to make electronic filing mandatory, effective April 2015, we do not anticipate the burden hours or cost estimates to change as a result of this revision. Estimates for the number of respondents and responses, however, have been adjusted (updated) in this supporting statement to account for historical experience with the collection over the past three years.

There are program changes to this information collection which are due to the elimination of the third-party disclosure requirement. These program changes no longer comply with the information collection requirement; and, therefore have been removed from this submission. The program changes are as follows: -3 respondents, - 3 responses, and -6 burden hours.

The Commission also had adjustments to this submission to account for historical experience with the collection over the last three years. These adjustments include: -1,480 respondents, 5304 responses, -66,500 burden hours.

**16. Collections of information whose results will be published.**

The Commission does not anticipate publishing all of the information collected. Several data items captured in the Worksheet, however, such as the names of the carriers that file, the regions in which they operate, the carrier type categories checked, the corporate headquarters addresses, the mechanisms contributed to, the telephone numbers provided for customer inquiries, the categories of revenue filed, agent for service of process information, etc., will be made available to the public. In addition, the Commission regularly publishes information in the aggregate (*i.e.* without providing information regarding individual filers) for policy monitoring and reporting purposes. The Commission may also use the information collected for policymaking purposes, subject to the procedures described in response to question 10 above.

**17. Display the expiration date for OMB approval of the information collection.**

The Commission seeks continued approval not to display the expiration date of OMB approval on the forms at issue. 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. Exception to the certification statement for Paperwork Reduction Act submissions).**

When the 60 Day Notice (79 FR 36803) was published in the Federal Register on June 30, 2014, the Commission inadvertently omitted the recording keeping requirement that is part of this information collection. There are no other 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.