

SUPPORTING STATEMENT

A. Justification:

This submission is being made pursuant to 44 U.S.C. § 3507 of the Paperwork Reduction Act of 1995 to obtain the Office of Management and Budget (OMB) approval and extend this existing collection.

1. Pursuant to Section 203 of the Communications Act, local exchange carriers (LECs) are required to tariff communications service offerings with the Commission, except for forborne services. Sections 201 and 202 of the Act require that all tariffed charges, practices, classifications, and regulations be just and reasonable and not unjustly or unreasonably discriminatory.

The Commission concluded that it will allow local exchange carriers (LECs) additional special access pricing flexibility for services subject to competition in any study area in which expanded interconnection offerings are operational. If they choose, LECs may file density pricing plans establishing systems of pricing zones. Rates for special access services subject to competition will be averaged within zones, but will be allowed to diverge between zones over time subject to a price cap mechanism. Material supporting each LEC's density pricing plan is necessary to ensure that these plans generally reflect cost differences and foster fair competition. Absent the review of such information by the Commission, the LECs would have strong incentives to attempt to use this additional pricing flexibility in an anticompetitive manner.

In the *Switched Transport Expanded Interconnection Order* (FCC 92-440), the Commission created a density zone pricing plan that allows some degree of deaveraging for switched transport services. The Commission concluded that relaxing the pricing rules in this manner would enable price cap LECs to respond to increased competition in the interstate switched transport market. For purposes of deaveraging services in the trunking basket, the Commission, in the *Fifth Report and Order* (FCC 99-206), eliminated the limitations inherent in its current density zone pricing plan and allows price cap LECs to define the scope and number of zones within a study area, provided that each zone, except the highest-cost zone, accounts for at least 15 percent of the incumbent LEC's trunking basket revenues in the study area. In addition, the Commission eliminated the requirement that LECs file zone pricing plans prior to filing their tariffs. In the *MAG Plan Order* (FCC 04-31), the Commission amended § 69.123 of the Commission's rules to permit rate-of-return carriers immediately to deaverage geographically their rates for transport and special access services.

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

The statutory authority for this collection is contained in 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, 47 C.F.R. Parts 1, 61, 69 and section 553 of Title 5, United States Code, 5 U.S.C. § 553.

2. The density pricing plan information is used by FCC staff to ensure that the tariff rates to be paid for special access services are just, reasonable, and nondiscriminatory, as required by Sections 201 and 202 of the Communications Act. The density pricing plans are to be filed whenever a LEC voluntarily elects to implement additional special access pricing flexibility. The filing of density pricing plans is necessary to allow review of the number of zones and how offices were assigned to the different zones.
3. Generally, there is no improved information 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 duplications of this information. There is no similar information available in this area.
5. This collection does not require any small entities to submit information. Only Tier 1 LECs (companies with over \$138 million in regulated revenues) are subject to the requirements in the Order.
6. The filing of density pricing plans is required only when a LEC elects to establish rate zones for the purpose of special access pricing flexibility. The LECs do not need to file the pricing plans again, although they would have to support any changes to the plan.
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 placed a notice in the *Federal Register* as required by 5 C.F.R. § 1320.8 on December 16, 2016, See 81 FR 91171, seeking comments from the public on the information collection requirements contained in this supporting statement. No comments were received from the public.
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 be withheld from public inspection under section 0.459 of the Commission's rules. See 47 C.F.R. § 0.459.
11. There are no questions of a sensitive nature with respect to the information collected.

12. The Commission estimates that this requirement will take 13 respondents approximately 48 hours per year.

13 respondents x 1 response/year x 48 hours = **624 hours.**

- (1) Number of respondents: Approximately 13
- (2) Frequency of response: On occasion reporting requirement.
- (3) Total annual responses: Approximately 13.
- (4) Annual hourly burden per respondent: **48 hours.**
- (5) Total annual burden hours: **13 respondents x 48 hours per response = 624 hours.**
- (6) Total estimate of “in-house” cost to respondents: **\$36,816.**
- (7) Explanation of calculation:

The Commission estimates that each respondent uses staff equivalent to a GS-14/Step 5 (\$59/hour) federal employee to file the data.

13 filings x 48 hours per filing x \$59/hour = \$36,816.

13. The following represents the Commission’s estimates of the annual cost burden to respondents resulting from the information collection:
- a. This information collection requirement imposes no start-up costs on respondents.
 - b. Estimated operation and maintenance and purchase of services component:

Respondents are subject to a filing fee of \$925. We anticipate that approximately 13 respondents will be subject to the filing fee. Thus:

13 respondents filing an average of one filing a year = 13 x \$925 = **\$12,025**

14. The annualized cost to the Federal Government is at a minimum the proportion of the annual budget of the Pricing Policy Division that is dedicated to the analysis of tariffs. We are providing a minimum governmental cost estimate of approximately \$820,000..
15. The Commission is reporting adjustments to this information collection. The number of price cap LECs has decreased from 17 to 13 (-4) due to consolidation in the telecommunications marketplace. Also, the total annual burden hours decreased from 816 to 624 (-192). In addition, the tariff filing fee has increased from \$845 to \$925(+80).

Despite the higher filing fee, from \$14,365 to \$12,025 (-\$2,340) this decrease in the total annual cost is due to fewer price cap LECs.

There are no program changes.

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

B. Collection of Information Employing Statistical Methods:

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