

## SUPPORTING STATEMENT

This submission is being made as an extension to an existing information collection pursuant to 44 U.S.C. § 3507.

### A. Justification:

1. Section 276 of the Communications Act, as amended (the Act), requires that the Federal Communications Commission (Commission or FCC) establish rules ensuring that payphone service providers or PSPs are “fairly compensated” for each and every completed payphone-originated call. The Commission’s Payphone Compensation Rules satisfy section 276 by identifying the party liable for compensation and establishing a mechanism for PSPs to be paid. The Payphone Compensation Rules:
  - Place liability to compensate PSPs for payphone-originated calls on the facilities-based long distance carriers or a switch-based resellers (SBR) from whose switches such calls are completed.
  - Define these responsible carriers as “Completing Carriers” and require them to develop their own system of tracking calls to completion.
  - Require Completing Carriers to file with PSPs a quarterly report and must also submit an attestation that the payment amount for that quarter is accurate and is based on 100% of all completed calls.
  - Require quarterly reporting obligations for other facilities-based long distance carriers in the call path, if any, and define these carriers as “Intermediate Carriers.”
  - Require Completing Carriers and Intermediate Carriers to retain certain payphone records, for dispute resolution purposes, for 27 months.
  - Give parties flexibility to agree to alternative compensation arrangements (ACA) so that small Completing Carriers may avoid the expense of instituting a tracking system.

On February 22, 2018, the Commission adopted a Report and Order, FCC 18-21 (2018 *Payphone Order*), that: (1) eliminated the payphone call tracking system audit and associated reporting requirements; (2) permitted a company official, including but no longer limited to, the chief financial officer (CFO), to certify that a Completing Carrier’s quarterly compensation payments to PSPs are accurate and complete; and (3) eliminated expired interim and intermediate per-payphone compensation rules that no longer apply to any entity.

The statutory authority for this collection is contained in sections 1, 4, and 276 of the Act, 47 U.S.C. §§ 151, 154, and 276.

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

2. For the final rules, the information collected under Completing Carrier filing of quarterly reports and Intermediate Carrier filing of quarterly reports must be provided to third parties. The information collected under Completing Carrier establishment of call tracking system must be provided to third parties. The information collected annually under Completing Carrier establishment of call tracking system, Completing Carrier filing of quarterly reports, and Intermediate Carrier filing of quarterly reports is used to ensure that Completing Carriers comply with their obligations under section 276.
3. The Commission in an earlier Order on Reconsideration encouraged the use of improved technology where appropriate. The Commission took into account critical factors such as the time it will take before appropriate technological ability can be achieved, and who has the available information/data, before requiring these collections. Accordingly, the Commission provides for transition flexibility and choice of arrangements, which the Commission believes will substantially reduce the burden of this collection.
4. There will be no duplication of information. In most instances, the information sought is unique to each respondent.
5. The collections of information may have some impact on small businesses or other small entities. The Commission considered many alternatives before choosing the least burdensome methods to accomplish the objectives of section 276. Wherever possible, the Commission has provided for flexibility, such as permitting electronic submissions where appropriate and permitting certain functions to be contracted out to third parties. Although the calculations in question 12 below are based on an estimated 153 Completing Carriers, the final rules permit Completing Carriers to contract around these paperwork requirements. Based on the record in the proceeding, the Commission estimates that the vast majority of Completing Carriers will comply with these paperwork requirements through clearinghouses rather than directly with individual PSPs. Moreover, elimination of the audit and associated reporting requirements, as well as permitting a company official other than the CFO to attest to the accuracy of the requisite quarterly reports and compensation, serve to minimize the burden on all Completing Carriers.
6. Failing to collect the information, or collecting it less frequently, would violate the language and/or intent of section 276 to “establish a per call compensation plan to ensure that all payphone service providers are fairly compensated for each and every completed intrastate and interstate call,” and “promote competition among payphone service providers and promote the widespread deployment of payphone services to the benefit of the general public.” (47 U.S.C. § 276(b)).
7. Commission requirements do not impose any obligations that would require parties to report information to the Commission, nor will these requirements impose any other special circumstances. In some instances, a respondent might need to make a showing or filing more often than quarterly due to actions by private parties.

8. The Commission published a 60-day notice in the *Federal Register* initiating a public comment period on this revised collection on March 15, 2018 (83 FR 11517). No comments were received. A copy of the notice is included in the submission to OMB.
9. Respondents will not receive any payments or gifts.
10. The Commission is not requesting that the respondents submit confidential information. Respondents may, however, request confidential treatment for information that they believe to be confidential under 47 C.F.R. § 0.459 of the Commission's rules.
11. There are no questions of a sensitive nature with respect to the information collected, nor are there any impacts related to the Privacy Act of 1974.
12. The following represents the estimates of hour burden of the collections of information. We note that the hour burden imposed by the following requirements is very difficult to quantify. The following represents our best high estimate concerning the final rules.
  - a. Completing Carrier Filing of a Quarterly Report. (47 U.S.C. § 276(b)(1)(A)).
    - 1) Number of Respondents: 153  

As of March 6, 2018, the number of Completing Carriers is estimated to be 153, which was obtained from the FCC Form 499 Filer Database, available at <http://apps.fcc.gov/cgb/form499/499a.cfm>. The number of Operator Service Providers (23) plus active Prepaid Calling Card providers (130) is 153 (23 + 130 = 153).
    - 2) Frequency of Response: Quarterly reporting requirements and third-party disclosure.
    - 3) Total Number of Responses Annually: 1,224 responses  
Two responses per respondent—one for the quarterly report and the second for the third-party disclosure  

153 respondents x 1 responses x 4 times/annum = 612 (quarterly reports)

153 respondents x 1 responses x 4 times/annum = 612 (third party disclosure)

Total: 612 + 612 = 1,224 responses
    - 4) Annual burden per respondent: 122 hours (average).
    - 5) Total Annual Hour Burden: 18,666 hours.

The Commission estimates that respondents require approximately 30 hours to file the quarterly report:<sup>1</sup>

$153 \text{ respondents} \times 4 \text{ responses/annum} \times 30 \text{ hours/response} = 18,360 \text{ hours}$

The Commission estimates that respondents require approximately 0.5 hours (30 minutes) to comply with the third-party disclosure requirement:

$153 \text{ respondents} \times 4 \text{ responses/annum} \times 0.5 \text{ hours/third party response} = 306 \text{ hours}$

Total Hours:  $18,360 + 306 = 18,666 \text{ hours}$

b. Intermediate Carrier Filing of a Quarterly Report. (47 U.S.C. § 276(b)(1)(A)).

1) Number of Respondents: 176

As of March 6, 2018, the number of Intermediate Carriers is estimated to be 176, which was obtained by reference to the FCC Form 499 Filer Database, available at <http://apps.fcc.gov/cgb/form499/499a.cfm>.

This requirement only applies to the Intermediate Carriers and reflects quarterly reporting by those carriers.

2) Frequency of Response: Quarterly reporting requirements.

3) Total Number of Responses Annually: 704.

$176 \text{ respondents} \times 4 \text{ responses /annum} = 704$

4) Annual Burden per Respondent: 80 hours (average).

5) Total Annual Hour Burden: 14,080 hours.

The Commission estimates that respondents require approximately 20 hours to file the quarterly report:

$176 \text{ respondents} \times 4 \text{ responses/annum} \times 20 \text{ hours/response} = 14,080 \text{ hours}$

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<sup>1</sup> The 2018 Payphone Order revised the quarterly reporting rule to permit a company official, including but no longer limited to, the chief financial officer (CFO), to certify that a Completing Carrier's quarterly compensation payments to PSPs are accurate and complete. We estimate that this will reduce the quarterly reporting burden by approximately 5 hours per respondent. Additionally, Completing Carrier commenters in the proceeding leading to the 2018 Payphone Order noted their reliance on national clearinghouses for reporting and compensation purposes. According to National Payphone Clearinghouse, its services include, among other things, (1) "provid[ing] a central site for the sharing of CFO certifications and audit/attestation reports to the industry," and (2) "produc[ing] valuable and detailed End of Quarter reports to the NPC Clients and to the industry to aid in compensation reconciliation." We estimate that Completing Carriers' reliance on clearinghouses to meet their quarterly reporting requirements reduces the quarterly reporting burden by approximately 14.5 hours per response.

c. Retention of Data for 27 Months. (47 U.S.C. § 276(b)(1)(A)).

1) Number of Respondents: 329.

Total Number of Respondents: Completing Carriers (153) plus Intermediate Carriers (176) = 329 (153 + 176 = 329).

This requirement applies to Completing Carriers and Intermediate Carriers.

2) Frequency of Response: Recordkeeping requirement.

3) Total Number of Responses Annually: 329.

153 respondents x 1 recordkeeping requirement/annum = 153 responses

176 respondents x 1 recordkeeping requirement/annum = 176 responses

Total: 153 + 176 = 329 responses

4) Annual Burden per Respondent: 6 hours.

5) Total Annual Hour Burden: 1,974 hours.

153 respondents x 1 recordkeeping requirement/annum x 6 hours = 918 hours

176 respondents x 1 recordkeeping requirement/annum x 6 hours = 1,056 hours

Total: 918 + 1,056 = 1,974 hours

**Summary of Burden Calculations:**

**Total Number of Respondents: 153 + 176 = 329 respondents.**

**Total Number of Responses Annually: 1,224 + 704 + 329 = 2,257 responses.**

**Total Annual Burden Hours: 18,666 + 14,080 + 1,974 = 34,720 hours.**

**Total In-House Costs: None.**

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

(a) Total capital and start-up cost component: \$0.00;

(b) Total operation and maintenance and purchase of services: \$0.00.

(c) Total annualized cost requested: \$0.00.

14. There is no annual cost to the Federal government because the *2018 Payphone Order* eliminated the audit and associated reporting requirements. All other reporting requirements involve reports to PSPs but not to the Commission.

15. The Commission notes the following changes:

The Commission is reporting a decrease/program change to the total annual burden hours from 73,494 hours to 34,720, a decrease of 38,774 hours. This decrease is due to: (1) a decrease in the number of Completing Carriers (OSPs and prepaid calling card providers) and Intermediate Carriers (interexchange carriers) reflected in the FCC Form 499 Filer Database, available at <http://apps.fcc.gov/cgb/form499/499a.cfm>, which accounts for a reduction in total annual responses of 1,008; (2) elimination of the annual audit and reporting requirements, which accounts for a reduction in total annual responses of 460; and (3) a decrease/program change to the average annual burden hours per respondent for the quarterly reporting requirement from 198 hours to 120 hours, a decrease of 78 hours.

There are no adjustments to this information collection.

16. The Commission does not anticipate that it will publish the results of these collections of information.

17. The Commission does not intend to seek approval not to display the expiration date for OMB approval of the information collections since the information collection requirements do not include any forms, etc.

18. There are no exceptions to the Certification Statement.

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

This information collection does not employ any statistical methods.