

With this submission to the Office of Management and Budget (OMB), the Commission is requesting an extension of a currently-approved collection. There is no change to the reporting, recordkeeping, or third-party disclosure requirements.

SUPPORTING STATEMENT

A. Justification:

1. The Commission is requesting review and approval of an extension of an information collection requiring prepaid calling card providers to report quarterly the percentage of interstate, intrastate and international traffic and call volumes to carriers from which they purchase transport services. See section 64.5001 of the Communications Act of 1934, adopted in the *Report and Order*, FCC 06-79, WC Docket No. 05-68. The Commission also required prepaid calling card providers to file certifications with the Commission quarterly that include the above information and a statement that they are contributing to the federal Universal Service Fund (USF) based on all interstate and international revenue, except for revenue from the sale of prepaid calling cards by, to, or pursuant to contract with the Department of Defense (DoD) or a DoD entity. See section 54.706.

The Commission has found that prepaid calling card providers are telecommunications service providers and therefore are subject to all of the regulations imposed on telecommunications service providers, including contributing to the USF. See FCC 06-79 (copy attached). 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. 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.” In addition, telecommunications carriers are required to pay intrastate and interstate access charges. The new reporting and certification requirements will allow the Commission to ensure that prepaid calling card providers are complying with these requirements.

Statutory authority for this information collection is contained in Sections: 1, 2, 4(i), 201, 202 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 152, 154(i), 201, 202, and 254.

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

2. The Commission adopted reporting and certification requirements to obtain information necessary to evaluate whether all prepaid calling card providers are properly contributing to the USF, pursuant to section 254 of the Act. All prepaid calling card providers will now have to maintain records and report quarterly the percentage of interstate, intrastate and international traffic and call volumes to carriers from which they purchase transport services. Prepaid calling card providers will also have to file quarterly certifications with the Commission that include the above information and a statement that they are contributing to the federal Universal Service Fund based on all interstate revenue, except for revenue from the sale of prepaid calling cards by, to, or pursuant to contract with the DoD or a DoD entity. The Commission believes that its reporting and certification requirements will not be burdensome for prepaid calling card providers, as they need to track such information for their own internal business purposes.

3. Prepaid calling card providers are expected to send written, quarterly reports to carriers from whom they purchase transport. These reports may be transmitted in any manner the prepaid calling card provider finds most convenient.

The Commission is committed to making the information collection and certification requirement as easy as possible for prepaid calling card providers by offering various options for filing the required certifications. Certification reports may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.

4. 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. Because the Commission has required that all prepaid calling card providers comply with the reporting and certification requirements identified above, the collections may affect small entities, as well as large entities. The Commission has taken steps to ensure that these mechanisms are competitively neutral and therefore not unduly burdensome for any set of carriers.

6. Funding for the universal service support mechanisms (derived from statutory mandates) depends on all telecommunications service providers contributing. The frequency of the certification filing will ensure that prepaid calling card providers are following the Commission's rules that apply to telecommunications service providers. Prepaid calling card providers are required to submit the certification quarterly. Collecting certifications this frequently will help the Commission ensure that prepaid calling card providers are following its regulations.

7. No other special circumstances will apply to this information collection.

8. Pursuant to 5 C.F.R. § 1320.8(d), the Commission published a 60 day notice in the Federal Register to solicit public comment on these reporting requirements on March 11, 2016 . See 81 FR 12899. No PRA comments were received.

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

10. The Commission does not anticipate providing confidentiality of the information submitted by prepaid calling card providers. Particularly, the prepaid calling card providers must send reports to their transport providers. Additionally, the quarterly certifications sent to the Commission will be made public through the ECFS process. These certifications will be filed in the Commission's docket associated with this proceeding. If the respondents submit information they believe to be confidential, they may request confidential treatment of such information under section 0.459 of the Commission's rules.

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

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

a. **Recordkeeping Requirement:**

(1) Number of respondents: Approximately 121.

(2) Frequency of response: Quarterly recordkeeping requirement.

(3) Total number of responses annually: 121 x 4 responses = 484 responses.

- (4) Estimated Time Per Response: 20 hours.

$121 \times 20 \text{ hours per response} \times 4 \text{ responses per year per respondent} = 9,680 \text{ hours.}$

- (5) Total annual burden: **9,680 hours**.

The Commission estimates that approximately 121 prepaid calling card providers will require 20 hours of recordkeeping per quarterly filing.

Approximately 121 respondents annually \times 4 responses annually \times 20 hours per response = 9,680 hours.

- (6) Total estimate of “in-house” cost to respondents: \$509,748.80.

- (7) Explanation of the calculation:

The Commission estimates that 121 prepaid calling card providers will be subject to this recordkeeping requirement.

We assume that respondents will use a combination of in-house and external services at a rate comparable in pay to a GS 13/5 Federal employee to satisfy this recordkeeping requirement (\$52.66/hour). Thus $9,680 \text{ hours per year} \times \$52.66 = \$509,748.80$.

b. **Reporting Requirement**:

- (1) Number of respondents: Approximately 121.

- (2) Frequency of response: Quarterly reporting requirement.

- (3) Total number of responses annually: Approximately 484.

- (4) Estimated Time Per Response: 2.5 hours.

$121 \times 2.5 \text{ hours per response} \times 4 \text{ responses per year per respondent} = 1,210 \text{ hours.}$

- (5) Total annual burden: **1,210 hours**.

The Commission estimates that approximately 121 prepaid calling card providers will require 2.5 hours of reporting time per quarterly filing.

Approximately 121 respondents annually \times 4 responses annually \times 2.5 hours per response = 1,210 hours.

- (6) Total estimate of “in-house” cost to respondents: \$63,718.60.

- (7) Explanation of the calculation:

The Commission estimates that 121 prepaid calling card providers will be subject to this reporting requirement.

We assume that respondents will use a combination of in-house and external services to satisfy this reporting requirement, at a rate comparable in pay to a GS 13/5 Federal employee (\$52.66/hour). Thus 1,210 hours per year x \$52.66 = \$63,718.60.

c. **Third-Party Disclosure Requirement:**

- (1) Number of respondents: Approximately 121.
- (2) Frequency of response: Quarterly third party disclosure requirement.
- (3) Total number of responses annually: Approximately 484.
- (4) Estimated Time Per Response: 2.5 hours.

121 x 2.5 hours per response x 4 responses per year per respondent = 1,210 hours.

- (5) Total annual burden: **1,210 hours.**

The Commission estimates that approximately 121 prepaid calling card providers will require 2.5 hours of third-party disclosure time per quarterly filing.

Approximately 121 respondents annually x 4 responses annually x 2.5 hours per response = 1,210 hours

- (6) Total estimate of “in-house” cost to respondents: \$63,718.60.

- (7) Explanation of the calculation:

The Commission estimates that 121 prepaid calling card providers will be subject to this third-party disclosure requirement.

We assume that respondents will use a combination of in-house and external services at a rate comparable in pay to a GS 13/5 Federal employee (\$52.66/hour) to satisfy this third-party disclosure requirement. Thus 1,210 hours per year x \$52.66 = \$63,718.60.

(a)	Recordkeeping Requirement:	9,680
(b)	Reporting Requirement:	1,210
(c)	Third-Party Disclosure Requirement:	<u>1,210</u>
		12,100

Total Respondents: 121 respondents

Total Annual Responses: 484 + 484 + 484 = 1,452 responses

Total “In-House” Cost to the Respondent: \$509,748.80 + \$63,718.60 + \$63,718.60 = \$637,186.

Total Annual Burden Hours: 9,680 + 1,210 + 1,210 = 12,100 hours.

13. Estimated operations and maintenance (O&M) costs of respondents or recordkeepers resulting from the collection of information:

(a) Total capital start-up costs component annualized over its expected useful life: \$0. The collections will not result in additional capital expenditures such as computers or software.

(b) Total operation and maintenance and purchase of services component: \$0. All respondents will file the reports and certifications at least quarterly, so operation and maintenance costs will be limited to internet access or postage, ink, etc., which are costs incurred in the normal course of doing business.

14. There will be few, if any additional 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. There are no program changes or adjustments in this submission.

16. The Commission does not anticipate publishing any of the information collected. Rather, the provider certifications will be available for public review via the Commission's ECFS.

17. The Commission is not seeking approval to not display an OMB expiration date.

18. 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.