

**SUPPORTING STATEMENT****A. Justification:**

1. *Circumstances that make the collection necessary.* The Communications Act of 1934, as amended requires the “preservation and advancement of universal service.” The information collection requirements reported under this collection are the result of Commission actions to promote the Act’s universal service goals.

On March 28, 2016, the Commission adopted significant reforms to place the universal service support program on solid footing for the next decade to preserve and advance voice and broadband service in areas served by rate-of-return carriers. *Connect America Fund; ETC Annual Reports and Certifications; Establishing Just and Reasonable Rates for Local Exchange Carriers; Developing a Unified Intercarrier Compensation Regime*, WC Docket Nos. 10-90, 14-58, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 16-33 (2016 Rate-of-Return Reform Order).

As part of the *Rate-of-Return Reform Order*, the Commission adopted a voluntary path for rate-of-return carriers to receive model-based support in exchange for making a commitment to deploy broadband-capable networks meeting certain service obligations to a pre-determined number of eligible locations in a state. By creating a voluntary pathway to model-based support, the Commission will spur new broadband deployment in rural areas. In several subsequent orders and public notices, the Commission has further refined this voluntary pathway, and in the *December 2018 Rate-of-Return Reform Order*, the Commission adopted a second pathway for carriers that did not elect the first pathway. *Connect America Fund; ETC Annual Reports and Certifications; Establishing Just and Reasonable Rates for Local Exchange Carriers; Developing a Unified Intercarrier Compensation Regime*, WC Docket Nos. 10-90, 14-58, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration, FCC 18-176 (December 2018 Rate-of-Return Reform Order).

This information collection addresses the requirement that carriers electing model-based support must notify the Commission of that election and their commitment to satisfy the specific service obligations associated with the amount of model support.

In the *2016 Rate-of-Return Reform Order*, the Commission also adopted reforms to the universal service mechanisms used to determine support for rate-of-return carriers not electing model-based support. Among other such reforms, the Commission adopted an operating expense limitation to improve carriers’ incentives to be prudent and efficient in their expenditures, a capital investment allowance to better target support to those areas with less broadband deployment, and broadband deployment obligations to promote “accountability from companies receiving support to ensure that public investment are used wisely to deliver intended results.” In the *December 2018 Rate-of-Return Order*, the Commission further modified or, in the case of the capital investment allowance, eliminated these requirements. This information collection addresses the new burdens associated with those reforms. Other requirements adopted in the *Rate-of-Return Reform Order* have been addressed under other Office of Management and Budget (OMB) control numbers.

***Currently approved requirements that are being modified:***

- (1) Connect America Fund-Alternative Connect America Cost Model (CAF-ACAM) Elections (See 12.a):

Rate-of-return carriers are given an opportunity to accept CAF-ACAM support for all areas they serve in a given state, as specified below. A carrier may accept or decline support through its election:

- (a) If a carrier is accepting funding, it must submit a letter signed by an officer of the company confirming that the carrier elects model-based support as specified in the Public Notice that will be released by the Wireline Competition Bureau listing the offer amount for each carrier in a state, and that it commits to satisfy the specific service obligations associated with the amount of model support.
- (b) A carrier may decline funding for a given state by submitting a letter signed by an officer of the company noting that it does not accept model-based funding. If a carrier fails to submit any final election letter by the close of the 90-day election period, it will be deemed to have declines model-based support. For rate-of-return carriers that do not elect to receive CAF-ACAM support, they will continue to be eligible for support based on existing requirements for rate-of-return carriers (approved under OMB Control Numbers 3060-0986 and 3060-0233).

The submission of an election letter is necessary for the Commission to determine what CAF-ACAM support should be distributed. Requiring the acknowledgement of service obligations will ensure that carriers have affirmative knowledge of what burdens they take on as a result of electing to accept CAF-ACAM support.

Previously, the Commission specified that this election would be a one-time collection. Given its decision in the *December 2018 Rate-of-Return Reform Order* to make a second pathway to model-based support, and its experience with the previous pathway that multiple revised offers may prove necessary or useful, the Commission revises this information collection from “one-time” to “periodic,” and estimates that the collection may be performed once per year, which does not change the burden for respondents.

(2) Broadband Deployment Obligations, Election of Methodology (See 12.b)

This control number includes a one-time collection associated with the election, by rate-of-return carriers receiving legacy support, of a methodology for calculating each carrier’s deployment obligations. In the *December 2018 Rate-of-Return Reform Order*, the Commission concluded that deployment obligations should be recalculated in light of other rule changes. Accordingly, a second election will be required, and this control number will retain the collection. Each carrier’s precise broadband deployment obligations will be determined using one of two specified methodologies: the average cost of providing 10/1 Mbps service, based on the actual costs of carriers with similar density that have widely deployed 10/1 service, or the A-CAM’s calculation of the cost of providing 10/1 Mbps service in the unserved census blocks in the carrier’s study area. Carriers will be required to notify the Universal Service Administrative Company (USAC) which method they select.

***Currently approved requirements that are being eliminated:***

(3) Operating Expense Limitation (See 12.c)

The Commission previously received approval to collect information necessary to calculate the Operating Expense Limitation for the small number of carriers that did not already submit such information for other purposes pursuant to information collection 3060-0233. Because an

alternative source of such data has been identified for the remaining carriers, it is no longer necessary to collect such data pursuant to this control number.

(4) Capital Investment Allowance, Identification of Special Circumstances to Qualify for an Adjustment Pursuant to 47 C.F.R. Section 54.303(k) (See 12.d.)

The Commission eliminated the Capital Investment Allowance in the *December 2018 Rate-of-Return Reform Order*. Consequently, there is no need to continue collecting information related to special circumstances qualifying for an adjustment to the Capital Investment Allowance.

(5) 2015 Broadband-only Loop Counts (See 12.e)

This control number also included a one-time collection for each carrier to provide broadband-only loop counts to the USAC, except that the National Exchange Carrier Association provided such data to USAC on behalf of carriers for whom it already possesses such data. The one-time collection has passed, and similar data is now collected pursuant to a separate control number. This revision will remove the burdens associated with that collection.

Statutory authority for this information collection is contained in 47 U.S.C. sections 151-154, 155, 201-206, 214, 218-220, 251, 252, 254, 256, 303(r), 332, 403, 405, 410, and 1302.

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

2. *Use of information.* The Commission will use the information collections to ensure that Connect America funds are spent in accordance with the rules of the program, to determine what areas should be eligible for CAF-ACAM support, and to identify which methodology will be used in determining a rate-of-return carrier's broadband deployment obligations.
3. *Technological collection techniques.* In an effort to reduce any burden created by these information collection requirements, the Commission requires that all respondents submit their acceptance letters to the Wireline Competition Bureau at [ConnectAmerica@fcc.gov](mailto:ConnectAmerica@fcc.gov).

The information collected for operating expense limitation, capital investment allowance, and deployment obligation methodology will be submitted electronically to the Universal Service Administrative Company.

4. *Efforts to identify duplication.* There will be no duplication of information. The information sought is unique to each carrier and similar information is not already available. To avoid any duplication, some of the requirements currently in this information collection will be satisfied by information collected under other OMB control numbers (e.g., 3060-0986) and, therefore, are proposed to be eliminated.
5. *Impact on small entities.* The process has been designed as far as possible to limit the burden on small entities.
6. *Consequences if information is not collected.* The information collected is used to determine which rate-of-return carriers voluntarily elect to receive model-based support in exchange for making a commitment to deploy broadband-capable networks to a pre-determined number of eligible locations. CAF-ACAM elections are necessary to determine which carriers have chosen to receive model-based support.

The broadband deployment obligation methodology is used to determine what methodology will be used to determine a carrier's broadband deployment obligations. If the information is not collected the universal service administrator would not know what methodology each carrier prefers to be applied.

7. *Special circumstances.* There are no special circumstances associated with this information collection.
8. *Federal Register notice; efforts to consult with persons outside the Commission.* A 60-day notice was published in the *Federal Register* pursuant to 5 C.F.R. § 1320.8(d) on April 25, 2019 (84 FR 17409). No PRA comments were received.
9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payment or gifts to respondents.
10. *Assurances of confidentiality.* The Commission is not requesting respondents to submit confidential information to the Commission.
11. *Questions of a sensitive nature.* There are no questions of a sensitive nature with respect to the information collections described herein.
12. *Estimates of the hour burden of the collection to respondents.* The following represents the hour burden on the collections of information:
  - a. **Connect America Fund-Connect America Cost Model Support Elections (revision, with no change to burdens):**
    - (1) **Number of respondents:** Approximately 100 unique respondents. All rate-of-return carriers are eligible to elect to receive model-based support through a state-level commitment. In general, those carriers for whom the model produces a significant increase in support over legacy support are more likely to elect model support than those who see little increase or a decrease, assuming they view the increase in support as sufficient to meet the associated deployment obligations. At the same time, all carriers for whom model-based support is greater than legacy support are not expected to make the election; some companies may not be prepared to meet the specific defined broadband build-out obligations that come with such support, while others may not be ready at this time to move to incentive regulation for their common line offering.
    - (2) **Frequency of response:** Periodic. Typically, the election of an A-CAM will be one-time, but the Commission may seek supplemental elections of revised or additional offers. In the Commission's estimation, such supplemental elections will not occur more than once per year.
    - (3) **Total number of responses per respondent:** Approximately 1.
    - (4) **Estimated time per response:** 2 hours.
    - (5) **Total annual hour burden:** 200 hours.

2 hours per respondent for 100 respondents filing on a periodic basis. Total annual hour burden is calculated as follows:

100 respondents x 1 certification per respondent = 100 responses x 2 hours = **200 total annual hours.**

(6) Total estimate of in-house cost to respondents: \$8,000 (200 hours x \$40/hr.).

(7) Explanation of calculation: We estimate that each potential CAF-ACAM funding recipient will take 2 hours to make and submit its election. 100 (responses) x 2 (hours to prepare submission) x \$40/hr. = \$8,000.

**b. Election of Broadband Deployment Obligation Methodology (revision, with no change to burdens):**

(1) Number of respondents: Approximately 1,000. Each rate-of-return study area that does not elect the voluntary path to model-based support will be required to elect a methodology for determining broadband deployment obligations.

(2) Frequency of response: One-time.

(3) Total number of responses per respondent: Approximately 1.

(4) Estimated time per response: 0.5 hours.

(5) Total annual hour burden: 500 hours.

0.5 hours per respondent for 1,000 respondents filing on an occasional basis. Total annual hour burden is calculated as follows:

1,000 respondents x 1 election letter per respondent = 1,000 responses x 0.5 hours = **500 total annual hours.**

(6) Total estimate of in-house cost to respondents: \$20,000. (500 hours x \$40/hr.).

(7) Explanation of calculation: We estimate that each rate-of-return carrier not electing ACAM support will take 0.5 hours to make and submit its election. 1,000 (responses) x 0.5 (hours to prepare submission) x \$40/hr. = \$20,000.

**c. Operating Expense Limitation (eliminated requirement):**

(1) Number of respondents: 0.

(2) Frequency of response: Annually.

(3) Total number of responses per respondent: 0

(4) Estimated time per response: 0.

(5) Total annual hour burden: 0 hours.

0 hours per respondent for 0 respondents filing on an annual basis. Total annual hour burden is calculated as follows:

0 respondents x 0 filings per respondent = 0 responses x 0 hours = **0 total annual hours.**

(6) Total estimate of in-house cost to respondents for the hour burden: \$0. (0 hours x \$40/hr.).

(7) Explanation of calculation: Because an alternative source of the required information has been identified, this data collection no longer applies to this collection. The total annual hour burden and in-house costs for respondents will therefore be 0.

**d. Capital Investment Allowance, Identification of Special Circumstances to Qualify for an Adjustment Pursuant to 47 C.F.R. Section 54.303(k) (eliminated requirement):**

(1) Number of respondents: 0.

(2) Frequency of response: One-time.

(3) Total number of responses per respondent: 0

(4) Estimated time per response: 0.

(5) Total annual hour burden: 0 hours.

0 hours per respondent for 0 respondents filings on an occasional basis. Total annual hour burden is calculated as follows:

0 respondents x 0 certifications per respondent = 0 responses x 0 hours = **0 total annual hours.**

(6) Total estimate of in-house cost to respondents for the hour burden: \$0. (0 hours x \$40/hr.).

(7) Explanation of calculation: The rule requiring the collection has been eliminated. The total annual hour burden and in-house costs for respondents will therefore be 0.

**e. Broadband-only Loop Counts (eliminated requirement):**

(1) Number of respondents: 0.

(2) Frequency of response: One-time.

(3) Total number of responses per respondent: 0.

(4) Estimated time per response: 0.

(5) Total annual hour burden: 0 hours.

0 hours per respondent for 0 respondents filing on a one-time basis. Total annual hour burden is calculated as follows:

0 respondents x 0 filings per respondent = 0 responses x 0 hours = **0 total annual hours.**

(6) Total estimate of in-house cost to respondents for the hour burden: \$0. (0 hours x \$40/hr.).

(7) Explanation of calculation: This one-time collection has been completed, and no further responses are required. The total annual hour burden and in-house costs for respondents will therefore by 0.

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

Information Collection Requirements	Number of Unique Respondents	Number of Responses Per Year	Estimated Time per Response (hours)	Total Burden Hours	In-house Office and Overhead Costs
<u>CAF-ACAM State-Level Elections</u>	100	100	2	200	\$8,000
<u>Broadband Deployment</u>					
<u>Obligations, Election of Methodology</u>	1,000	1,000	.5	500	\$20,000
<u>Operating Expense Limitation</u>	0	0	0	0	\$0
<u>Capital Investment Allowance, Identification of Special Circumstances</u>	0	0	0	0	\$0
<u>Broadband-only Loop Counts</u>	0	0	0	0	\$0

**Total Number of Respondents: 1,100 Unique Respondents.**

**Total Number of Responses Annually: 1,100.**

**Total Annual Hourly Burden for requirements: 700 hours.**

**Total Annual “In House” Costs: \$28,000.**

13. *Estimates for the cost burden of the collection to respondents.* There are no outside contracting costs for this information collection. See the last column in the chart in item 12 above for the estimated in-house costs.
14. *Estimates of the cost burden to the Commission.* There will be few, if any, costs to the Commission because ensuring proper use of universal service support is already part of Commission duties. Furthermore, no new systems or programs will be acquired or developed to process the information collection.

15. *Program changes or adjustments.* The Commission is reporting program changes to this information collection as a result of eliminated requirements associated with recent *Rate-of-Return Order*. Specifically, the collection eliminates the identification of special circumstances under the capital investment allowance (which has been repealed), the collection of information necessary to calculate the operating expense limitation (which is now available pursuant to another collection), and broadband-only loop counts (one-time filing has passed). Further, the collection changes the A-CAM elections from “one-time” to “periodic.” We estimate the periodic election will occur no more than once per year, which does not result in any change to the burden.

The total number of respondents decreased from 2,010 to 1,100 (-910), the total number of responses decreased from 2,090 to 1,100 (-990); and the total annual burden hours decreased from 1,780 to 700 (-1,080).

16. *Collections of information whose results will be published.* The Commission plans to make CAF-ACAM elections public through the issue of a public notice.

17. *Display of expiration date for OMB approval of information collection.* There is no form associated with this information collection. The Commission publishes a list of all OMB-approved information collections in 47 C.F.R. § 0.408 of the Commission’s rules

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.