

SUPPORTING STATEMENT

A. Justification:

1. In the *USF/ICC Transformation Order*, the Commission directed the Wireline Competition Bureau and Wireless Telecommunications Bureau (Bureaus) to conduct a survey of residential urban rates for voice services.¹ Specifically, the Commission directed the Bureaus to “develop a methodology to survey a representative sample of facilities-based fixed voice service providers taking into account the relative categories of fixed voice providers as determined in the most recent FCC Form 477 data collection.”² The Commission also delegated “authority to conduct an annual survey of urban broadband rates, if necessary, in order to derive a national range of rates for broadband service”³ and “to monitor urban broadband offerings, including by conducting an annual survey, in order to specify an appropriate minimum for usage allowances and to adjust such a minimum over time.”⁴
2. The Commission will use the data collected to implement universal service reforms adopted as part of the *USF/ICC Transformation Order*. For the survey, the Commission will annually select a statistically valid sample of urban providers who will complete the survey form with the information specified. The information collected will be used to establish a rate floor that eligible telecommunications carriers (ETCs) receiving high-cost loop support (HCLS) or frozen high-cost support must meet to receive their full support amounts and to help ensure that universal service support recipients offering fixed voice and broadband services do so at reasonably comparable rates to those in urban areas.⁵ These measures are important components of the Commission’s overall effort in the *USF/ICC Transformation Order* to improve accountability for the use of universal service funding.
3. The entire collection will be through electronic means. All sampled firms will be required to submit their responses electronically by answering questions in an online collection system.
4. To calculate a rate floor and ensure that rates are reasonably comparable in rural and urban areas as required by the *USF/ICC Transformation Order*, the Commission must have detailed information about voice and broadband rates, fees, taxes, etc. in urban areas. This information has not been collected previously prior to the initiation of the Urban Rate Survey, and the Commission is not aware of any other source for this information.
5. The data collection form should be easily completed by firms of all sizes (including small businesses and other small entities) using data readily available in the course of regular business operations. Because

¹ *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17694, para. 85 (2011) (*USF/ICC Transformation Order and/or FNPRM*), *aff’d sub nom.*, *In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

² *Id.*

³ *Id.* at 17708, para. 114.

⁴ *Id.* at 17699, para. 99.

⁵ *USF/ICC Transformation Order and FNPRM*, 26 FCC Rcd at 17751, 17855, paras. 239, 592.

of the sampling approach used, small businesses and small entities are less likely to be sampled and therefore the total burden on these firms will be a relatively small portion of the total burden.

6. This collection will allow the Commission to improve accountability of the Universal Service Fund by not subsidizing rates that are unreasonably high or unreasonably low. It is important to collect this data on an annual basis so that the criteria used to protect the fund are current. A less frequent data collection would reduce the Commission's ability to enforce its rules protecting the fund in a meaningful way.

7. None of the listed situations applies to this data collection.

8. Pursuant to 5 CFR 1320.8(d), the Commission published a notice in the Federal Register soliciting public comment on April 26, 2019 (84 FR 17827). No PRA comments were received.

9. No payment or gifts will be made to respondents.

10. The information being collected is not confidential, and no assurances of confidentiality are being provided.

11. The survey does not ask any questions of a sensitive nature such those related to sexual behavior, attitudes about sexual issues, or religious beliefs.

12. The Commission plans annually to sample 500 voice service providers and 500 fixed broadband service providers from urban areas. Each sampled unit will be a service provider operating in an urban Census tract. The following represents our best estimate of annual burden hours and the annual cost burden for the collection of information. The following represents our best estimate based on the 2015 filings received in this data collection.

(1) Number of Respondents: **1,000**.

(2) Frequency of Response: Annual Reporting requirement per year and a recordkeeping requirement.

(3) Total Number of Responses Annually: **1,000**.

1,000 respondents x 1 response/annually = 1,000 responses

(4) Total Annual Hourly Burden – **3,500 hours**.

We estimate that it will take approximately 3.5 hours per response. This estimate was made by considering how long it would take each type of provider to read the instructions, to identify the geographic area for which data is being requested, to gather sources of data from in-house records, and to input the data and submit it electronically. We do not expect that the burden should vary significantly across firms of different sizes because respondents must report their rates for only a single Census tract.

1,000 carriers x 3.5 hours per filing = 3,500 hours

(5) Total in-house Costs to the Respondent: **\$184,310**

The Commission estimates that it will take each carrier using in-house equivalent to a GS12/Step 10 employee to comply with the requirements because we expect a knowledgeable,

moderately experienced, non-managerial employee to most likely complete the survey and we do not anticipate any respondents will use contract labor to complete this data collection.⁶

1,000 (number of respondents) x 1 (number of filings) x 3.5 (hours per filing) x \$52.66 per hour = \$184,310.

13. This data collection will require respondents only to report information that is readily available to the firm in the normal course of business. Respondents should not incur any capital or start-up costs or need to purchase any additional services. Therefore, for items 13 (a) and (b) we are estimating no outside contracting costs.

14. The data collected will be received and processed by Commission staff during regular business hours and thus is no additional cost to the Federal Government.

15. The Commission is reporting no adjustments/decreases/increases since the last submission to OMB. The burden hours remain the same.

16. The Commission plans to compile the information collected into several tables and make them available to the public on the Commission's website. These tables will primarily report the rate floor(s) and reasonable comparability benchmark(s) for which the data collection is being conducted. The completion of the tables and posting of the information should occur within a few months of the completion of the collection. The collection will be conducted at the end of each calendar year with the results posted in first or second quarter of the following year.

17. Not applicable. The Commission publishes a list of all OMB-approved information collections in 47 C.F.R. § 0.408 of the Commission's rules.

18. There were not any exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods:

The Commission notes that the collection of this information will employ statistical methods. See our Part B Statistical Methodology write-up that is a component of this supporting statement.

⁶ The Commission used the 2019 General Base Schedule with this submission since the respondent pool performing the schedule preparation is located throughout the country and normally outside of large metropolitan areas. The hourly rate for a GS 12 Step 10, is \$40.51 plus \$12.15 for the overhead cost segment. The \$52.66 hourly rate more accurately reflects the Commission's estimate of entity staff time preparing this report(s).