SUPPORTING STATEMENT

A. Justification:

1. In the *Payphone Orders* in CC Docket No. 96-128, the Commission adopted new rules and policies governing the payphone industry to implement Section 276 of the Telecommunications Act of 1996. Those rules and policies in part established a plan to ensure fair compensation for "each and every completed intrastate and interstate call using [a] payphone." Specifically, the Commission established a plan to ensure that payphone service providers (PSPs) were compensated for certain non-coin calls originated from their payphones.

   As part of this plan, the Commission required that by October 7, 1997, LECs (local exchange carriers) were to provide payphone-specific coding digits to PSPs, and that PSPs were to provide those digits from their payphones to interexchange carriers (IXCs).

   The provision of payphone-specific coding digits was a prerequisite to payphone per-call compensation payments by IXCs to PSPs for subscriber 800 and access code calls.

   The Common Carrier Bureau (former name of the Wireline Competition Bureau), on its own motion, subsequently provided a waiver until March 9, 1998, for those payphones for which the necessary coding digits were not provided to identify calls.

   In the *Bureau Coding Digit Waiver Order*, DA 98-481, adopted and released March 9, 1998 (*Order*), the Common Carrier Bureau clarified the requirements established in the *Payphones Orders* for the provision of payphone-specific coding digits and for tariffs that local exchange carriers (LECs) must file pursuant to the *Payphone Orders.*

   The Bureau also granted a waiver of Part 69 of the Commission's rules, 47 CFR Part 69, so that LECs can establish rate elements to recover the costs of implementing FLEX-ANI (a type of switch software) to provide payphone specific coding digits for per-call compensation.

   The Commission has identified five information collection requirements. They are as follows:

   a. **<u>LEC Tariff to provide FLEX ANI to IXCs</u>:** The *Order* requires that local exchange carriers (LECs) implement FLEX ANI to comply with the requirements set forth in the *Payphone Orders*. LECs must provide to IXCs, through their interstate tariffs, FLEX-ANI service so that IXCs can identify which calls come from a payphone. LECs (and PSPs) must provide FLEX-ANI to IXCs without charge for the limited purpose of per-call compensation, and accordingly, LECs providing FLEX-ANI must revise their interstate tariffs to reflect FLEX ANI as a non-chargeable option to IXCs in those areas where it is available.

b. __LEC Tariff to recover costs__: LECs must file a tariff to establish a rate element in their interstate tariffs to recover their costs from PSPs for providing payphone-specific coding digits to IXCs. This tariff must reflect the costs of implementing FLEX ANI to provide payphone specific coding digits for payphone compensation, and provide for recovery of such costs over a reasonable time period through a monthly recurring flat-rate charge. LECs must provide cost support information for rate elements they propose.

The Bureau will review these LEC rate element tariff filings, the reasonableness of the costs, and the recovery period. LECs will recover their costs over an amortization period of no more than ten years. The rate element charges will discontinue when the LEC has recovered its cost.

c. __LECs must provide IXCs information on payphones that provide payphone-specific coding digits for smart and dumb payphones__: LECs must provide IXCs information on the number and location of smart and dumb payphones providing payphone-specific coding digits, as well as the number of those that are not.

d. __LECs must provide IXCs and PSPs information on where FLEX ANI is available now and when it is to be scheduled in the future__: Within 30 days of the release of the *Order* on March 9, 1998, LECs should have prepared to provide IXCs, upon request, information regarding their plans to implement FLEX ANI by end office. LECs must provide IXCs and PSPs information on payphones that provide payphone-specific coding digits on end offices where FLEX ANI is available, and where it is not, on a monthly basis. Pursuant to the waivers in the *Order*, LECs were also to inform IXCs and PSPs of proposed dates for its availability.

e. __For a waiver granted to small or midsize LECs, a cost analysis must be provided, upon request:__ In the *Order*, the Bureau was to grant a waiver to midsize and small LECs that were unable to recover the costs of implementing FLEX ANI in a reasonable time period. LECs were to make this evaluation within 30 days of the release of the *Order* on March 9, 1998. The LEC must then notify IXCs that they will not be implementing FLEX ANI pursuant to this waiver, and provide the number of dumb payphones providing the “27” coding digit and the number of smart phones for which payphone-specific coding digits are unavailable. A LEC delaying the implementation of FLEX ANI pursuant to this waiver provision must be prepared to provide its analysis, if requested by the Commission.

The Commission is now seeking OMB approval for an extension (no change in the reporting and/or third-party disclosure requirements) in this information collection, in order to obtain the full three-year clearance from them.

Statutory authority contained in 47 U.S.C. Sections 151, 154, 201-205, 218, 226, and 276.

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

2. The information disclosure rules and policies governing the payphone industry to implement Section 276 of the Act will ensure the payment of per-call compensation by implementing a method for LECs to provide information to IXCs to identify calls. FLEX ANI is the most flexible method, and has the added capability of providing a number of additional coding digits, in real-time, that can uniquely identify a call as coming from a payphone. FLEX ANI is, therefore, the best method.

3. Generally, there is no improved 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.

   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 this collection. Accordingly, the *Order* provides for transition flexibility and choice of arrangements, which the Commission believes substantially reduce the burden of this collection.

   The Commission has established a program of mandatory electronic filing of tariffs and associated documents by LECs. These carriers must file tariffs and associated documents electronically in accordance with the requirements established by the Bureau. Other parties may also file documents in tariff proceedings via the electronic tariff filing system.

4. These information collection requirements are not duplicative of any other information collection requirements.

5. The Bureau determined that the requirements that LECs tariff to provide FLEX ANI to IXCs and LECs tariff to recover costs should not substantially impact small businesses or other entities. In the event that such tariff requirements affect small entities, we note that these tariffs enable LECs to recover costs and therefore, LECs are benefiting from such tariff filings.

   After consideration of potential alternatives, the Bureau found that the requirement that LECs must provide IXCs with information regarding which payphones provide payphone-specific coding digits may impact small businesses or entities. Specifically, small entities that provide payphones may encounter some economic impact in additional costs due to the disclosure requirements.

   The Bureau, however, attempted to minimize costs to small entities by providing a limited waiver to certain small and midsized LECs. This waiver permits certain small and midsized LECs who are unable to recover their costs, amortized over a 10-year period from all payphones their serving area, an extension to implement FLEX ANI. Even if these reporting requirements impact small businesses, we find that the benefit of providing compensation for each and every call as required by Section 276 of the Act justifies any increase in costs.

6. These collections are necessary to implement per-call compensation requirements set forth in Section 276 of the 1996 Act. The collection requirements, such as LEC tariff filings offering FLEX ANI as a non-chargeable option available to IXCs, enable the Commission to ensure the reasonableness of costs and the recovery period. Failing to collect the information, or collecting it less frequently, would violate the language and/or intent of the 1996 Act to establish a per-call compensation plan to ensure that PSPs are fairly compensated for certain non-coin calls originated from their payphones.

7. In some instances, a carrier might need to file a cost analysis with the Commission more often than quarterly, as required by the *Order*, due to actions by private parties. For example, a LEC must provide to the Commission, upon request, its cost analysis pursuant to the waiver granted in the *Order*, if a complaint is brought by an IXC against the LEC. The information may have to be provided more often than quarterly, depending on the number of complaints filed.

The requirements adopted in the *Order*, however, do require LECs to provide information to IXCs and PSPs, monthly, upon request, pertaining to:

(1) end offices where FLEX ANI is available; and

(2) proposed dates for the availability of FLEX ANI by end office for all areas where it is not yet available.

Beginning March 27, 1998, all LECs were to provide to IXCs on a monthly basis, upon request:

(1) the number of smart payphones and the number of dumb payphones that are owned by the LEC PSP and independent PSPs in the LEC service area; and

(2) the FLEX ANI for smart payphones and the FLEX ANI for dumb payphones owned by the LEC and independent PSPs that are providing payphone-specific coding digits and those that are not providing coding digits in the LEC service area.

We find that special circumstances dictate that this information be filed more often than quarterly. Congress mandated that PSPs be compensated for each and every completed call. By providing this information to IXCs on a monthly basis, IXCs can carry out the Congressional mandate by paying compensation to PSPs where appropriate.

8. The Commission published a 60-day notice in the *Federal Register* pursuant to 5 CFR § 1320.8(d) on January 24, 2020. *See* 85 FR 4322. No comments were received as a result of the notice.

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

10. Confidentiality concerns are not relevant to these types of disclosures. The Commission is not requesting carriers or providers to submit confidential information to the Commission. If the Commission requests carriers or providers to submit information which they believe is confidential, the carriers or providers may request confidential treatment of such information under 47 CFR § 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 privacy issues.

12. The following represents the estimates of hour burden of the collection of information disclosures. The following represents our best estimate.

    a. <u>LEC Tariff to provide FLEX ANI to IXCs</u>:

    1. Number of Respondents: 400.

    2. Frequency of Response: Estimated 1 tariff filing per year.

    3. Total Number of Responses Annually: 400.

       400 respondents x 1 response/annum (tariff filing) = 400 responses (reporting requirement)

    4. Annual Burden per Respondent: 35 hours.

    5. Total Annual Hourly Burden: 14,000 hours.

       400 respondents x 1 tariff filing/annum x 35 hours/response = 14,000 hours.

    6. Total estimate of in-house cost to LECs for the hour burdens for collection of information: $1,410,318.00.

    7. Explanation of Calculation: We estimate that less than half of the LECs and PSPs, or approximately 400, will need to file new tariffs at an average of 1 filing per year. We estimate that it would take approximately 35 hours to comply with the requirement and that respondents will use a senior staff attorney equivalent to a GS-15, Step 5 Federal employee ($77.49/hour), plus 30% overhead, to prepare the new tariff filings.

       Thus:

       400 respondents x 1 tariff filing/yr. x 35 hours to comply x $77.49 /hr.=$1,084,860.00

30% Overhead = $ 325,458.00
Total "In House" Cost: $1,410,318.00

b. LEC Tariff to recover costs:

1. Number of Respondents: 400.

2. Frequency of Response: Estimated 1 tariff filing per year.

3. Total Number of Responses Annually: 400.

   400 respondents x 1 response/annum (tariff filing) = 400 responses (reporting requirement)

4. Annual Burden per Respondent: 35 hours.

5. Total Annual Hourly Burden: 14,000 hours.

   400 respondents x 1 tariff filing/annum x 35 hours/response = 14,000 hours

6. Total estimate of in-house cost to LECs for the hour burdens for collection of information: $1,410,318.00.

7. Explanation of calculation: We estimate that less than half of the LECs and PSPs, or approximately 400 will need to file new tariffs at an average of 1 filing per year. We estimate that it would take approximately 35 hours to comply with the requirement and that respondents will use a senior staff attorney equivalent to a GS-15, Step 5 Federal employee ($77.49 /hour), plus 30% overhead, to prepare the new tariff filings. Thus:

   400 respondents x 1 tariff filing/yr. x 35 hrs. to prepare x $77.49/hour= $1,084,860.00
   30% Overhead = $ 325,458.00
   Total "In House" Cost: $1,410,318.00

c. LECs must provide IXCs information on payphones that provide payphone-specific coding digits for smart and dumb payphones:

1. Number of Respondents: 400.

2. Frequency of Response: On occasion reporting requirements. Upon request by IXCs (3rd party disclosure requirement).

3. Total Number of Responses Annually: 9,600.

   400 respondents x 12 information requests (responses)/respondent = 4,800 responses

400 respondents x 12 3rd party disclosure requirements = 4,800 responses
Total: 4,800 + 4,800 = 9,600 responses

4. Burden per Respondent: 2 hours per request (total).

5. Total Annual Hourly Burden: 9,600 hours.

   The hourly burden is dependent upon number of requests. Assuming a maximum of 12 requests, which would be a total of 24 hours per LEC, for a total of 9,600 hours for all respondents, including 3rd party disclosure requirements, as follows:

   400 respondents x 12 information requests/annum x 1.5 hours/response = 7,200 hours

   400 respondents x 12 responses/annum x 0.5 hours/3rd party disclosure = 2,400 hours

   Total hours: 7,200 + 2,400 = 9,600 hours

6. Total estimate of in-house cost to LECs for the hour burdens for collection of information: $329,846.40.

7. Explanation of calculation: We estimate that this obligation will take approximately 2 hours of clerical time and will occur at most 12 times for 400 respondents. We also estimate that respondents will use clerical staff equivalent to a GS-7, Step 5 Federal employee ($26.43 /hour), plus 30% overhead, to provide the information on payphones. Thus:

   400 respondents x 12 submissions/yr. x 2 hours/preparation x $26.43/hr.= $253,728.00
   30% Overhead = $ 76,118.40
   Total "In House" Cost: $329,846.40

d. LECs must provide IXCs and PSPs information on where FLEX ANI is available now and when it is to be scheduled in the future:

1. Number of Respondents: 400.

2. Frequency of Response: On occasion reporting requirements. Upon request by IXCs (3rd party disclosure requirement).

3. Total Number of Responses Annually: 6,400

   400 respondents x 8 information requests/annum = 3,200 responses

   400 respondents x 8 3rd party disclosure requirements/annum = 3,200 responses
   Total: 3,200 + 3,200 = 6, 400 responses

4. Burden per Respondent: 2 hours per request (total).

5. Total Annual Hour Burden: 6,400 hours.

   Assuming a maximum of 8 information requests (responses), which would be a total of 16 hours per LEC, for a total of 6,400 hours for all respondents:

   400 respondents x 8 information requests/annum x 1.5 hours/response = 4,800 hours

   400 respondents x 8 responses/annum x 0.5 hours/3rd party disclosure = 1,600 hours

   Total hours: 4,800 + 1,600 = 6,400 hours.

6. Total estimate of in-house cost to LECs for the hour burdens is dependent upon the number of requests: $219,897.60.

7. Explanation of calculation: We estimate that the calculation provided above is the maximum amount of time and money encountered. The majority of LECs already have some per-call tracking in place. Moreover, in this order, we only grant waivers to implement per-call tracking, at the latest, until December 31, 1998. The December 31, 1998 waiver is for a small number of LECs.

   Therefore, we estimate that this obligation will take, at most, 2 hours of clerical time and will occur 8 times for 400 respondents. We also estimate that respondents will use clerical staff equivalent to a GS-7, Step 5 Federal employee ($26.43 /hour), plus 30% overhead, to perform the per call tracking. Thus:

   400 respondents x 8 responses/yr. x 2 hrs./preparation x $26.43 /hour = $169,152.00
   30% Overhead = $ 50,745.60
   Total "In House" Cost: $ 219,897.60

e. For a waiver granted to small or midsize LECs that will be unable to recover the costs of implementing FLEX ANI in a reasonable time period, LECs must provide a cost analysis, upon request:

1. Number of Respondents: 20.

2. Frequency of Response: On occasion reporting requirements.

3. Total Number of Responses Annually: 20.

   20 respondents x 1 response/annum = 20 responses

4. Annual Burden per Respondent: 35 hours.

5. Total Annual Hourly Burden: 700 hours.

   20 respondents x 1 response/annum x 35 hours/response = 700 hours.

6. Total estimate of in-house cost to LECs for the hour burdens for collection of information: $59,950.80.

7. Explanation of Calculation: We estimate that approximately 20 small or midsize LECs will be subject to these requirements. We estimate that it would take approximately 35 hours to comply with all the requirements and that respondents will use a mid-level staff accountant or economist equivalent to a GS-14, Step 5 Federal employee ($65.88 /hour), plus 30% overhead, to prepare the new tariff filings. Thus:

20 respondents x 1 filing/year x 35 hours to comply x $65.88 /hour = $46,116.00
30% Overhead = $13,834.80
Total "In House" Cost: $59,950.80

Total Number of Respondents: 400 respondents

Total Number of Responses Annually: 400 + 400 + 9,600 + 6,400 + 20 = 16,820 responses

Total Annual Hourly Burden: 14,000 + 14,000 + 9,600 + 6,400 + 700 = 44,700 hours

Total "In-House" Costs:

$1,410,310.00 + $1,410,310.00 + $ 329,846.40 + $219,897.60 + $59,950.80 = $3,430,314.80.

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

(a) Total capital and start-up cost component (annualized over its expected useful life): $0.

The requirements will not require the purchase of additional equipment.

(b) Total operation and maintenance and purchase of services component: $768,000.

Respondents are subject to a filing fee of $960. Thus:

400 respondents x 2 tariff submissions/year x $960 tariff filing fee = $768,000.

(c) Total annualized outside contracting costs requested: $768,000.

14. These information collections do not impose any additional costs on the federal government. The tariff and cost support material to be filed will be reviewed by current staff already responsible for overseeing such tasks. On the contrary, it is expected that the information disclosure requirements will result in a pro-competitive deregulatory national framework designed to accelerate rapid private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition.

15. The Commission is reporting an adjustment/increase in the total annual cost from $740,000 to $768,000 (+ $28,000) to this collection. This adjustment is due to an increase in the application fee for tariff filings from $925 to $960.

    There are no program changes.

16. The Commission seeks continued clearance of all the requirements contained in the *Order*. The requirements are necessary to implement Section 276 of the Telecommunications Act of 1996. The tariffs that are affected by the rules currently are required by statute to be published, filed and maintained by LECs and PSPs at the Commission.

17. The Commission does not intend to seek approval to not display the expiration date for OMB approval of this information collection.

18. There are no exceptions to the Certification Statement.

B. <u>Collections of Information Employing Statistical Methods</u>:

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