

SUPPORTING STATEMENT

A. Justification:

1. Both now and prior to the Telecommunications Act of 1996 (1996 Act)¹ the Commission has taken steps to promote universal access to telephone service.² In 1987, the Commission, acting on the recommendation of the Separations Joint Board, adopted a monitoring program to address universal service and separations issues raised in CC Docket No. 80-286.³ Because that monitoring program (and the Monitoring Reports derived from the program) integrated information from all fifty states, Commission and state staff worked closely to prepare accurate and useful analyses. The Monitoring Reports have been and continue to be widely used by the public, state commissions and industry because they provide valuable information on universal service support in all states.

In the 1996 Act, Congress adopted section 254 of the Communications Act, as amended,⁴ and articulated a new statutory basis for federal universal service support mechanisms.

On May 8, 1997, the Commission released a *Report and Order* implementing section 254 of the Communications Act, as amended, and creating a new set of universal service support mechanisms.⁵ In the *Universal Service Order*, the Commission decided to create a new program to monitor the universal service support mechanisms and to issue reports documenting the results of that monitoring program at least once a year.⁶ The Commission delegated responsibility for creating the monitoring program and for compiling Monitoring Reports to the Common Carrier Bureau⁷ (Bureau), in consultation with the state staff of the Universal Service Joint Board.⁸

¹ Telecommunication Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996 Act), codified at 47 U.S.C. §§ 151 et seq.

² See *Federal-State Board Joint Board on Universal Service, Notice of Proposed Rulemaking and Order Establishing Joint Board*, CC Docket 96-45, FCC 96-93, ¶ 3 (rel. Mar. 8, 1996) (Universal Service NPRM); *Common Carrier Bureau Seeks Comment on Program to Monitor Impacts of Universal Service Support Mechanisms*, Public Notice, DA 98-580, CC Docket No. 96-45, IAD File No. 98-101, at ¶¶ 4-5 (rel. Apr. 24, 1998) (Monitoring Program Public Notice).

³ See *Monitoring Program Public Notice*, at ¶ 5. For a detailed discussion of the Commission's program to monitor those support mechanisms, see the *Monitoring Program Public Notice*, at ¶¶ 4-5.

⁴ 47 U.S.C. § 254.

⁵ *Federal-State Joint Board on Universal Service*, Report and Order, CC Docket No. 96-45, FCC 97-157, (rel. May 8, 1997) (Universal Service Order).

⁶ *Universal Service Order*, ¶ 869.

⁷ As a result of a reorganization in December 2018, the Office of Economics and Analytics now performs the Common Carrier Bureau functions described in this supporting statement for the Monitoring Reports.

⁸ *Federal-State Joint Board on Universal Service*, Order on Reconsideration, CC Docket No. 96-45, FCC 97-246, at ¶ 34 (rel. July 10, 1997) (Universal Service First Order On Reconsideration)

On April 24, 1998, the Bureau released the *Monitoring Program Public Notice* seeking comment on a proposed program to monitor the impacts of the universal service support mechanisms.⁹

The Bureau concluded that the monitoring program should be designed so that the data reported are based, wherever possible, on existing information collections or publicly available information. In addition, the Bureau reviewed all of the items in the Monitoring Reports to make sure that any non-essential data are omitted. Therefore, there is only one item remaining in the monitoring program at this time for which OMB approval is sought.

Information on network usage and growth: This information is generally maintained by all companies in conjunction with billing for access usage. This information is collected by the National Exchange Carriers Association (NECA). NECA acts as the access billing agent for most small companies and requests the data from the other companies.

Prior to 2002, the data collected were: local, intrastate toll, and interstate dial equipment minutes, interstate dial equipment minute factors, and interstate access minutes. The dial equipment minutes reporting categories were eliminated due to separations reform. Thus, only the interstate access minutes remain to be reported.

For the 64 holding company level respondents outside of the NECA pool that report their interstate access minutes to NECA, the Commission estimates that it should take, in total for all respondents, no more than 245 hours per quarter. We estimate that it should take NECA no more than 1 hour, per quarter, to report to the FCC this information along with the interstate access minutes of the small study areas for which NECA acts as access billing agent.

The Commission is requesting a three-year extension from the Office of Management and Budget (OMB) for the information collection requirements contained in this collection.

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

Statutory authority is contained in sections 1, 2, 4, 201-205, 215, 218, 220, 229, 254, and 410 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 152, 154, 201-205, 215, 218, 220, 229, 254, 410 and 47 C.F.R. Parts 54 and 36.

2. The monitoring program is necessary for the Commission, the Joint Board, Congress and the general public to assess the impact of the universal service support mechanisms. Failure to maintain the program would make it impossible to determine the impact of these mechanisms and to assure that the implementation of section 254 fulfills the intent of Congress and furthers the public interest. This information collection is necessary because network usage and growth data have proven to be a valuable source of information concerning the advancement of universal service.

⁹ *Monitoring Program Public Notice, supra.*

3. All parties are urged, whenever feasible, to use automated technologies to collect and transmit their information. We do not specify any format for providing the data – the format is left to the discretion of the respondents. However, we receive the information electronically from NECA, and we believe that automated technologies are used to collect and transmit the data.
4. The information is not duplicated elsewhere.
5. The data collection has been designed to minimize the burden on all respondents regardless of size. Most small companies use NECA to provide the data for them.
6. Care has been taken not to request information more frequently than it is needed. The information is only requested on a quarterly basis. Because of the rapidly changing nature of the industry, less frequent collection of information would not enable the monitoring to be done in a timely fashion.
7. No special circumstances are noted. The data collections will not be conducted in a manner inconsistent with the guidelines of 5 C.F.R. § 1320.5.
8. Pursuant to 5 C.F.R. § 1320.8(d), the Commission will publish a 60-day notice in the Federal Register to solicit public comment on the collection. See 85 FR 8588, published on February 14, 2020.
9. The Commission does not anticipate providing any payment or gift to respondents.
10. The data requested are regarded as non-proprietary. However, respondents may request materials or information submitted to the Commission be withheld from public inspection under 47 C.F.R. § 0.459 of the FCC's rules.
11. None of the questions are of a sensitive nature, nor are there any privacy impacts, as noted above.
12. The following represents the estimate of hour burden of the collections of information:

Information on Network Usage and Growth

- (1) **Number of Respondents: 65 respondents**¹⁰

- (a) 64 holding company respondents reporting information for 496 study areas.

¹⁰ The previous number of respondents (322) was calculated based on the number of study areas outside of the NECA pool. The FCC is altering the number of respondents to the holding company level to reflect how information is reported to NECA and the Commission as carriers vary in the number of study areas they serve. The FCC has based its current estimate on the 2018 Minutes of Use data.

(b) NECA acting as agent for 939 small study areas.¹¹

Total: $64 + 1 = 65$ respondents.

(2) Frequency of Response: Quarterly reporting requirement; third party disclosure (quarterly).

(3) **Total Number of Responses Annually: 260**

(a) 64 respondents each file quarterly reports with NECA:

$64 \text{ respondents} \times 4 \text{ reports/annum} = 256 \text{ responses.}$

(b) NECA files quarterly reports with the FCC (3rd party disclosure):

$\text{NECA} \times 4 \text{ reports/annum} = 4 \text{ responses.}$

Total: $256 + 4 = 260$ responses.

(4) Total Annual Hour Burden: 984 hours

a) The Commission estimates that the 64 holding company level respondents require differing amounts of time to file their quarterly network usage and growth data reports with NECA based on the number of study areas for which they are responsible¹²:

(1) The Commission estimates that 42 small respondents reporting for 1 study area will each require approximately 90 minutes (1.5 hours) per quarterly filing to collect, process, and submit to NECA the information on network usage and growth.

$(1.5 \text{ hours per quarter} \times 42 \text{ respondents}) \times 4 \text{ responses/annum} = 252 \text{ hours}$

(2) The Commission estimates that 14 mid-size respondents reporting information for between 2 to 7 study areas will require approximately 90 minutes (1.5 hours) per quarter to collect and process information for the first study area. For these respondents, the Commission estimates the collection will require no more than 45 minutes (.75 hours) per study area each quarter for a carrier to collect and report information for the next 6 study areas.

¹¹ The small study areas have decreased from 1,114 to 939. This decrease is predominately due to companies leaving the NECA pool.

¹² Previously the FCC calculated annual hour burden for external carriers based on the number of study areas outside the NECA pool. However, the companies outside of the NECA pool vary in size and the number of study areas they serve and thus may require differing amounts of time to complete a filing. The 2020 calculation takes this nuance into account to reflect the hours taken to compile and submit information as carriers leave the NECA pool.

(1.5 hours per quarter x 14 respondents + .75 hours per quarter x 34 study areas) x 4 responses/annum = **186 hours**

(3) The Commission estimates that 8 large carrier respondents reporting information for more than 7 study areas will require approximately the same amount of time as mid-size respondents to collect and report information for their first 7 study areas. Additionally, these carriers may require no more than 15 minutes (.25 hours) per study area per quarter to collect and report the data for the collection for each subsequent study area they serve beyond 7.

(1.5 hours per quarter x 8 respondents + .75 hours per quarter x 48 study areas + .25 hours per quarter x 350 study areas) x 4 responses/annum = **542 hours**

252 hours for small respondent + 186 hours for mid-size respondents + 542 hours for large respondents = **980 hours**

(b) The Commission also estimates that NECA, acting on behalf of the 939 very small member study areas and incorporating into its report data from the larger companies, requires approximately one hour to file its quarterly reports with the FCC:

NECA x 1 hour/3rd party response x 4 responses/annum = 4 hours.

Total Burden Hours: 980 hours + 4 hours = **984 hours.**

(5) Estimate “In-House” Costs: \$44,467

The Commission estimates it will take each respondent using in-house staff equivalent to a GS-11 step 5 Federal employee (\$39.12/hour), plus 30% overhead (\$11.74/hour)(total hourly rate of \$50.86/hour) to comply with the requirements.

984 hours x \$50.86/hour = **\$50,046.24.**

13. The following represents the Commission’s estimate of the annual cost burden to respondents or recordkeepers resulting from the collections of information:

- (1) Total capital and start-up component (annualized over its useful life): \$0.
- (2) Total operations and maintenance and purchase of services component: \$0.
- (3) Total annualized cost requested: \$0.

14. The Commission estimates that the Federal Government cost to for this program is as follows:

The review of the information submitted to the FCC includes about 40 hours of work by a staff economist for spreadsheet manipulation and word processing.

At the GS-11 step 5 grade level (\$39.12 per hour + 30% overhead of \$11.74 for a total of \$50.86 hourly rate) - the cost to the Federal Register is 40 hours x \$50.86/hour = **\$2,034**.

15. The Commission has made the following adjustments to these estimates:

(a) Total number of respondents is estimated to be 65 respondents, including 64 independent respondents responsible for 496 study areas, and NECA, filing on behalf of 939 very small study areas (as explained in footnote 10). Over the last five years, there has been an increase in the number of companies converting from rate-of-return (in the NECA pool) to price caps (out of the NECA pool).

The previous number of respondents (322) was calculated based on the number of study areas outside of the NECA pool. However, the number of entities responding is not directly related to the number study areas. Some individual holding companies who have left the NECA pool are responsible for multiple and even over a hundred study areas. This necessitates the Commission to re-evaluate how the number of respondents is calculated and led to a decrease in the number of respondents from 322 to 65 (decrease of 257 to the number of respondents).

(b) Total number of responses annually is estimated to be 260 responses, a decrease of 1,028 responses from the 1,288 responses previously reported;

(c) The total annual burden hours for the collection of information is estimated to be 984 hours, an increase of 124 hours from the 860 hours previously reported.

16. The information collected is available to the general public and published in monitoring reports on an annual basis. Each report includes all information collected in the year prior to the report.

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

18. There are no exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods:

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