

**SUPPORTING STATEMENT**

This submission is being made pursuant to 44 U.S.C. § 3507 to obtain the Office of Management and Budget’s (OMB) approval to extend the requirements contained in this information collection.

**A. Justification**

1. *Circumstances that make the collection necessary.* The Communications Act of 1934, as amended, requires the “preservation and advancement of universal service.” 47 U.S.C. § 254(b). The information collection requirements reported under this collection are the result of the Federal Communications Commission’s (the Commission) actions to promote the Act’s universal service goals.

On November 22, 2019, the Commission adopted a Report and Order, Order, and Further Notice of Proposed Rulemaking, WC Docket No. 18-89, FCC 19-121 (*Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*). The *Report and Order* prohibits future use of Universal Service Fund (USF) monies to purchase, maintain, improve, modify, obtain, or otherwise support any equipment or services produced or provided by a company that poses a national security threat to the integrity of communications networks or the communications supply chain. It also initially designated two entities – Huawei Technologies Company (Huawei) and ZTE Corporation (ZTE), along with their affiliates, subsidiaries, and parents – as covered companies posing such a national security threat. In the *Further Notice*, the Commission proposed to make the requirement to remove covered equipment and services from carriers’ networks contingent on the availability of a funded reimbursement program, in an effort to mitigate the impact on affected entities. This information collection is designed to collect data from eligible telecommunications carriers (ETCs) and other carriers to determine the extent to which potentially prohibited equipment exists in current networks and the costs associated with removing such equipment and replacing it with equivalent equipment. This data will aid the Commission’s review of the record and guide our next steps in this proceeding.

***Currently approved requirements in this information collection (no changes to requirement):***

The Commission initiated this collection to gather information from affected carriers as to whether they use or own equipment or services from Huawei or ZTE, the cost to purchase and/or install such equipment or services, and the cost to remove and replace such equipment or services. In addition, respondents must demonstrate how they arrived at any cost estimates they provide in response to this information collection. These requirements are mandatory for ETCs and voluntary for non-ETCs. A representative sample of the information to be collected is as follows:

- Necessary Identification/Process Information, including, company name, filer contact information, 499ID, information about certifying official, whether the company is an ETC or non-ETC, company study-area codes, and Service Provider Identification Numbers the company uses to conduct transactions with the Universal Service Administrative Company (USAC).
- Whether the company, including its subsidiaries and affiliates, rely upon any equipment from Huawei and/or ZTE—or the subsidiaries, parents or affiliates of Huawei or ZTE—(hereinafter referred to as “covered companies”) to provide service.

- For filers with covered equipment or services, the sunk costs that the company incurred to purchase and install the equipment, software, and services made by covered companies in each of five categories (Access Layer Equipment; Distribution Layer Equipment; Core Layer Equipment; Software; and Services), rounded to the nearest dollar/\$000; the estimated cost to remove and replace the equipment, software, and services listed in each of those five categories, rounded to the nearest dollar/\$000. Information will be submitted via an online form that includes fields for equipment in use as well as equipment no longer in use.
- Provide an explanation of how the company arrived at the cost figures provided in the online form (required for ETCs).
- Certification that the information provided complies with 47 CFR § 1.17, which requires truthful and accurate statements to the Commission. The company also will be required to acknowledge that false statements and representations to the Commission are punishable under Title 18 of the U.S. Code and may subject it to enforcement action. The person submitting the information will be required to certify authorization to make the submission on behalf of the company, and to certify under penalty of perjury that the information provided is true and correct.

This information must be filed through the Commission's online portal at [www.fcc.gov/supplychain](http://www.fcc.gov/supplychain), and filing instructions are available at <https://us-fcc.app.box.com/v/SupplyChainInstructions>. Additionally, the Commission and USAC will conduct outreach to affected ETCs to assist entities in responding to this information collection.

Statutory authority for this information collection is contained in 47 U.S.C. §§ 1.4(b)(1), 1.103(a), 151-154, 201(b), 229, 254, and 1004.

This information collection does not affect individuals or households; thus; there is no impact under the Privacy Act.

2. *Use of Information:* The Commission will use the information to aid its review of the record and guide the next steps in the underlying proceeding.
3. *Technology collection techniques:* The Commission's Office of Economics and Analytics has developed an electronic portal to be used by carriers to submit the required information for this collection. All submissions will be made electronically.
4. *Efforts to Identify Duplication:* This will be the first time that ETCs will be required to identify whether they use or own equipment or services from Huawei or ZTE, the cost to purchase and/or install such equipment or services, and the cost to remove and replace such equipment or services. The information to be collected is unique to each ETC, and there are no similar collection requirements.
5. *Impact on Small Entities:* The collection of information may affect small entities as well as large entities. In establishing the information collection, the Commission noted that many carriers have installed equipment from either Huawei or ZTE; that replacement costs for such equipment may be significant for affected carriers; and that, though the overall number of affected carriers is likely small, the impact on individual carriers may be significant. The Commission seeks to collect information to assess the extent of the impact and possible ways to mitigate it.

6. *Consequences if information is not collected.* The information collected will be used to determine compliance with the rules for proper use of USF support. These requirements are intended, in part, as part of an effort, consistent with concurrent Congressional and Executive Branch actions, to ensure that the public funds used in the USF are not used in a way that undermines or poses a threat to national security. Without the requested information, the Commission will not be able to assess the extent to which equipment or services pose a national security threat to the integrity of communications networks, or establish a mechanism to authorize reimbursement to mitigate the impact on affected entities of the requirement to remove covered equipment and services from carriers' networks.
7. *Special Circumstances.* We do not foresee any special circumstances 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 March 20, 2020. See 85 FR 16100. No comments were received from the public.
9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payment or gifts to respondents.
10. *Assurances of confidentiality.* The fact of whether an ETC owns or uses covered equipment or services in its network is not subject to confidential treatment. See *Protecting Against National Security Threats Order*, para. 166 (“[T]he public interest in knowing whether a carrier uses [covered] equipment or services . . . would significantly outweigh any interest the carrier would have in keeping such information confidential.”). However, the Commission will treat as confidential any other filer-specific information submitted pursuant to this collection, subject to its rules and its standard procedures for universal service programs. See 47 C.F.R. §§ 0.457, 0.459, 1.7001(d), 43.11(c); *Examination of the Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, GC Docket No. 96-55, Report and Order, 13 FCC Rcd 24816 (1998). This filer-specific information includes information related to the historical cost of purchasing covered equipment and services, the replacement cost for such equipment and services, the specific nature of the covered equipment or service, and other granular information about covered equipment or services within ETC networks. Also, respondents may request materials or information submitted to the Commission or USAC be withheld from public inspection under section 0.459 of the Commission's rules. See 47 C.F.R. § 0.459.
11. *Questions of a sensitive nature.* There are no questions of a sensitive nature with respect to the information collection requirements described herein.
12. *Estimates of the hour burden of the collection to respondents.* The following represents the hour burden on the collection of information:
  - (1) Number of Respondents: Approximately 2,257 eligible telecommunications carriers.
  - (2) Frequency of Response: One-time reporting requirement.
  - (3) Total number of responses per respondent: 1.
  - (4) Estimated time per response: 3 hours.

- (5) Total hour burden: One-time burden of 6,771 hours.

3 hours per response for 2,257 carriers. Total annual hour burden is calculated as follows:

2,257 respondents x 1 response per respondent = 2,257 responses x 3 hours = **6,771 total hours**.

- (6) Total estimate of in-house cost to respondents: \$377,483.25 (6,771 hours x \$55.75/hr.).

- (7) Explanation of calculation: We estimate that each carrier will take, on average, 3 hours per response. We estimate that respondents use mid- to senior-level personnel to comply with the requirements comparable in pay to the Federal Government, approximately \$55.75 per hour (equivalent to a GS 13, step 5 federal employee).

2,257 (number of responses) x 3 (hours to prepare response) x \$55.75/hr. = \$377,483.25

**Total Number of Respondents: 2,257 unique respondents.**

**Total Number of Responses: 2,257**

**Total Hourly Burden: 6,771**

**Total In-House Costs to Respondents: \$377,483.25**

13. *Estimates for the cost burden of the collection to respondents.* The Commission believes that ETCs have sufficient “in-house” staff to address all the information collection requirements using their “in-house” personnel rather than having to contract out this requirement. Thus:

(a) Total annualized capital/startup costs: \$0.00

(b) Total annualized costs (O&M): \$0.00

(c) Total annualized cost requested: \$0.00

14. *Estimates of the cost burden to the Commission.* There will be few, if any additional costs to the Commission because ensuring proper use of universal service support is already part of the Commission’s duties.

15. *Program changes or adjustments.* The Commission is reporting no program changes or adjustments to this information collection.

16. *Collections of information whose results will be published.* The Commission does not plan to make the individual ETC network information available to the public but may summarize that information and make it available.

17. *Display of expiration date for OMB approval of information collection.* There is no paper form associated with this information collection; it will be collected electronically through an online portal. The Commission seeks approval to not display the expiration date for OMB approval of this information collection. The Commission will use an edition date in lieu of the OMB expiration date. This will prevent the Commission from having to repeatedly update the expiration date on the portal each time this collection is submitted to OMB for review and

approval. 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 for Paperwork Reduction Act Submissions.* There are no exceptions to the certification statement.

**B. Collections of Information Employing Statistical Methods:**

No statistical methods are employed.