**Application for the Uniendo a Puerto Rico Fund**

**and the Connect USVI Fund Stage 2 Fixed Support 3060-XXXX**

 **May 2020**

SUPPORTING STATEMENT

This new information collection is being submitted to obtain the Office of Management and Budget (OMB) approval for new information collection requirements as a result of a recent Federal Communications Commission (Commission) order as explained below.

This new collection addresses the process to award “Stage 2” support for fixed telecommunications networks in Puerto Rico and the U.S. Virgin Islands. *See Uniendo a Puerto Rico Fund and the Connect USVI Fund*, WC Dockets Nos. 18-143 et al., Report and Order and Order on Reconsideration, FCC 19-95 (rel. Sept. 30, 2019) (*PR-USVI Order*).

# Justification:

1. *Circumstances that make the collection necessary.* On September 30, 2019, the Commission released the *Uniendo a Puerto Rico Fund and Connect USVI Fund Order*, WC Docket No. 18-143 et al., FCC 19-95, which comprehensively reformed the universal service high-cost program to focus support on networks capable of providing advanced, hardened voice and broadband services in Puerto Rico and the U.S. Virgin Islands (collectively, the Territories). As part of the *PR-USVI Order*, the Commission adopted a single-round competitive proposal process to award Stage 2 support for fixed telecommunications networks in the Territories (Stage 2 Competition).

For the Stage 2 Competition, service providers will compete to receive high-cost support of up to $504.7 million in Puerto Rico and $186.5 million in the U.S. Virgin Islands over 10 years to offer fixed voice and broadband services to all locations in the Territories in accordance with the framework adopted in the *PR-USVI Order*. The information collection requirements reported under this new collection are the result of the competitive proposal process adopted by the *PR-USVI* *Order* to award support to winning applicants. The Commission adopted various rules regarding the eligibility of service providers and the term of support. In addition, the Commission adopted rules to govern the competitive proposal process, which includes information to be submitted by parties as part of their competitive proposals and information that must be submitted by winning bidders seeking to become authorized to receive Stage 2 fixed support. The Commission concluded, based on its experience with awarding high-cost support and consistent with the record, that this single-stage competitive proposal process balances the need to collect information essential to awarding support and authorizing Stage 2 fixed support with administrative efficiency.

The Commission is seeking approval from the OMB for the collection on FCC Form 5634 of the information, disclosures, and certifications adopted by the Commission.

***Requirements for which the Commission seeks OMB approval*:**

The information collection requirements below will be used to determine respondents’ eligibility for Stage 2 fixed support from the Uniendo a Puerto Rico and the Connect USVI Funds. The information will be submitted on FCC Form 5634. The information must be filed electronically via email to ConnectAmerica@fcc.gov.

1. Application Requirements (See 12.a):
* *FCC Registration Number.* Each winning applicant must provide its FCC Registration Number (FRN). Winning bidders without an FRN must first obtain one. 47 CFR § 1.8002.
* *Ownership Information*. Each party seeking support must provide identification and ownership information as set forth in the Commission’s rules. 47 CFR §§ 1.2112(a), 54.1505(d)(1).
* *Operational History*. Each applicant must demonstrate that it provided voice and/or broadband service in the territory where it is seeking support since at least the time period required for filing the June 2018 FCC Form 477. Applicants must provide information describing the number of years it has been operating and identify the services it has provided to determine eligibility.

* *Eligible Telecommunications Carrier (ETC) Designation Documentation (for Applicants Already Designated as ETCs in the Relevant Areas).* Each applicant must demonstrate that it is an ETC or has obtained ETC designation within 60 days after public notice of selection to receive Stage 2 fixed support from the relevant state commission or the Commission, as applicable, in the relevant geographic areas. 47 U.S.C. § 214(e)(2), (6); 47 CFR § 54.1505(a). The approval for the information collection associated with obtaining an ETC designation from the Commission can be found in OMB Control No. 3060-1081.
* *Price per Geographic Area*. Each applicant must provide the amount of high-cost support it seeks below the Commission’s reserve price for each geographic area it proposes to provide voice and broadband telecommunication services.
* *Network Performance Tier*. Each applicant must provide the network performance tiers for each network it proposes to deploy in a geographic area, including network speeds, latency, and usage allowance. The applicant will submit a description of the technology or technologies that will be used to provide service for each network tier of the application, including any information to establish eligibility and to determine application scores using bidding weights adopted by the Commission (e.g., the amount of network miles for each network technology used). 47 CFR §§ 54.1505(d)(2), (4); 54.1507(b).
* *Network Design Documentation*. Each applicant must provide descriptions of the technology and system design the applicant intends to use to deliver voice and broadband service, including a network diagram. 47 CFR § 54.1505(d)(2), (4). A professional engineer must certify that the network is capable of delivering to the required number of locations in each relevant state, voice and broadband service that meets the requisite performance requirements.
* *Network Redundancy and Resiliency*. Applicants must provide information describing and quantifying the specific redundancy and resiliency measures to be employed in supported networks for each geographic area in order to score proposals. 47 CFR § 54.1505(d)(2), (4).
* *Spectrum Access*. If the applicant plans to use spectrum to offer its voice and broadband services, the applicant must: (1) demonstrate that it has the proper authorizations, if applicable, and access to operate on the spectrum it intends to use; (2) demonstrate that the spectrum resources will be sufficient to cover peak network usage and deliver the minimum performance requirements to serve all of the fixed locations in eligible areas; and (3) certify that it will retain its access to the spectrum for the term of support. 47 CFR § 54.1505(d)(6).
* *Financial Qualification*. Documents that the applicant is financially qualified to meet the public interest obligations for each performance tier and latency combination for each area for which it seeks to be authorized to receive support. 47 CFR § 54.1507.
* *Letter of Credit Commitment Letter.* Each applicant must provide a letter of credit commitment letter from an eligible bank committing to issue an irrevocable stand by letter of credit that, at a minimum, provides the dollar amount of the letter of credit and the issuing bank’s agreement to follow the terms and conditions of the Commission’s model letter of credit (must be submitted by the deadline provided by public notice). 47 CFR § 54.1505(d)(6).
* *Letter of Credit and Attorney Opinion Letter.* Before the Bureau will authorize a winning applicant to receive Stage 2 fixed support, the winning applicant must submit an irrevocable stand-by letter of credit from an eligible bank that covers the first year of Stage 2 fixed support, at a minimum, and a letter of credit opinion letter. These documents must be submitted by the deadline announced by the Bureau. 47 CFR § 54.1508.
* *Certifications*. Each applicant must submit to the Commission certain certifications that will provide additional assurance that applicants commit to and will be able to meet the Uniendo a Puerto Rico Fund and the Connect USVI Fund obligations. These certifications are:
	+ A certification that the applicant is in compliance with all applicable statutory and regulatory requirements for receiving Stage 2 fixed support,
	+ A certification that the applicant is financially and technically qualified to meet the public interest obligations for each relevant performance tier and latency combination and in each geographic area for which it seeks support,
	+ A certification that the applicant will meet the relevant public interest obligations, including the requirement it will offer service at rates that are equal or lower to the Commission’s reasonable comparability benchmarks for fixed wireline services offered in urban areas,
	+ A certification that the applicant will have available funds for all project costs that exceed the amount of support from the Uniendo a Puerto Rico Fund and the Connect USVI Fund authorized by the Commission to be received for the first two years of its support term,
	+ A certification that the applicant acknowledges that it must be designated as an Eligible Telecommunications Carrier pursuant to section 214(e) of Title 47 of the United States Code (47 U.S.C. § 214(e)) in the area(s) in which it will receive support prior to being authorized to receive such support,
	+ A certification that the applicant’s description of spectrum access in areas for which the applicant will seek support provided in this application in the Stage 2 competitive process is correct and the applicant will retain such access for at least ten (10) years after the date on which it is authorized to receive support,
	+ A certification that the applicant is in compliance with the prohibited communications rules adopted by the Commission in the *PR-USVI Order*,
	+ A certification that the applicant and any party to the application are not subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988,
	+ A certification that the person submitting the certifications is authorized to do so on behalf of the applicant,
	+ A certification that the applicant submitting the application provided service in the Territory as of June 30, 2018;
	+ A certification that high-cost support was not used for costs that are or will be reimbursed by other sources of support, including federal or local government aid or insurance reimbursements; and that support was not used for other purposes, such as the retirement of company debt unrelated to eligible expenditures, and
	+ A certification that the applicant has sole responsibility for investigating and evaluating all technical, marketplace, and regulatory factors that may have a bearing on the level of Uniendo a Puerto Rico Fund or Connect USVI Fund Stage 2 Fixed high-cost support it submits in its application, and that, if the applicant wins support, it will be able to build and operate facilities in accordance with the Uniendo a Puerto Rico Fund or Connect USVI Fund Stage 2 obligations and the Commission’s rules generally.
* *Disaster Preparation and Response Plan*. Each recipient of Stage 2 fixed support shall create, maintain, and submit to the Commission for its review and approval a detailed Disaster Preparation and Response Plan that describes and commits to the methods and procedures that it will use, during the period in which it receives Stage 2 support, to prepare for and respond to disasters in the Territories, including detailed descriptions of methods and processes to strengthen infrastructure; to ensure network diversity; to ensure backup power; to monitor its network; and to prepare for emergencies. 47 CFR § 54.1515(a).
1. Annual Submission of Letter of Credit (12.b):

Before a support recipient can receive its next year’s Stage 2 fixed support, it must modify, renew, or obtain a new letter of credit to ensure that it is valued, at a minimum, at the total amount of support that has already been disbursed plus the amount of support that is going to be provided in the next year, subject to modest adjustments in value once the support recipient has substantially met its service obligations. The support recipient will be required to maintain an open letter of credit until it has certified that its buildout is complete and the Universal Service Administrative Company (USAC) has verified buildout. Any support recipient that obtains a new letter of credit, rather than renewing or amending an existing letter of credit, will also need to obtain a new attorney opinion letter accompanying the new letter of credit. 47 CFR § 54.1508(b).

Statutory authority for this information collection is contained in 47 U.S.C. sections 151-154, 214, and 254.

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

2. *Use of Information*. The Commission requires the information collected to determine whether proposals and applicants are technically and financially capable of meeting the terms and conditions of the *PR-USVI Order*. Specifically, the Commission will evaluate a competitive proposal submitted by applicants and select a winning competitive proposal for each geographic area.

3. *Technological collection techniques.* The Commission is committed to meeting the requirements of the E-Government Act, which requires government agencies to provide the general public the option of submitting information or transacting business electronically to the maximum extent possible. Appliancants will be permitted to submit the required documentation electronically.

1. *Efforts to identify duplication*. There will be no duplication of information. The information sought is for a new program and unique to each applicant. Thus, the information is not already available to the Commission, and no similar data is available under another information collection.
2. *Impact on small entities*. The collection of information may affect small entities as well as large entities. In conformance with the Paperwork Reduction Act of 1995, the Commission is making an effort to minimize the burden on all respondents regardless of size. The Commission has limited the information requirements under this collection to that which is necessary for evaluating and processing the application and to deter possible abuses of the Commission’s processes.
3. *Consequences if information is not collected.* The Commission requires the information collected from applicants to determine funding eligibility for the Uniendo a Puerto Rico Fund and the Connect USVI Fund. Without the requested information, the Commission cannot determine whether applicants are legally, technically, and financially qualified to receive Stage 2 fixed support. Thus, the information is being collected to meet the objectives of the universal service program.

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 also published in the *Federal Register* pursuant to 5 C.F.R. § 1320.8(d) on March 11, 2020. *See* [85 FR 14199]. We received one comment in response to this notice. *See* Comments of Puerto Rico Telephone Company, Inc., OMB Control No. 3060-XXXX (filed May 11, 2020) (PRTC Comments). Puerto Rico Telephone Company (PRTC) requests that the Commission modify the burden estimate for public reporting of the collection of information for consistency and accuracy. The Commission has identified the range of the burden in hours based on the information proposed to be collected – which could be as little as 2 hours to submit a letter of credit and as much as 80 hours for the application. PRTC does not identify with specificity why it believes it would take more than 80 hours to complete its application, and how much longer it would take. All eligible applicants are currently service providers operating in the Territories and we expect many of the components of the application, such as network maps or disaster preparation and response plans, to be routine business documents. The Commission has corrected the discrepancy of the estimated burden hours between its supporting statement and the final instructions.

PRTC also asks that the Commission clarify the financial qualifications and project funding documentation required for submission. *See* PRTC Comments at 3. In particular, PRTC states that it is unclear what information an applicant must provide to specify how Stage 2 high-cost support will be used to complete the project. PRTC Comments at 3. PRTC argues that the Commission’s rules specify how high-cost support must be used for eligible expenses that are not reimbursed by other sources and, therefore, any required information beyond a description of the estimated costs should be specified. This submission does not modify the requirements for submitting this information. The instructions are based, in part, on the on the filing requirements and procedures for this program as announced by the Wireline Competition Bureau in a Public Notice released on February 5, 2020. *Uniendo a Puerto Rico Fund and Connect USVI Fund Notice and Filing Requirements and Other Procedures for Stage 2 Fixed Competitive Proposal Process*, Public Notice, WC Docket Nos. 18-143 et al., 35 FCC Rcd 218 (rel. Feb. 5, 2020) (Stage 2 Procedures Public Notice). The Stage 2 Procedures Public Notice explains that applicants must describe, among other items, how the required construction will be funded and include estimated project costs for the network, indicating how high-cost support will be used to complete the project.

In addition, PRTC requests that the Commission should ensure that Schedule B to the program application form allows applicants to provide required network performance information for each proposed technology. PRTC Comments at 3-4. PRTC states that Schedule B does not afford applicants the flexibility to identify more than one network technology and corresponding network performance metrics within the same geographic area. PRTC Comments at 4. The Commission has afforded applicants with the flexibility to provide varying network technologies in its proposed network. However, the Commission has clearly indicated that applicants will receive a single point score for network performance for each proposal per geographic area, regardless of the technology employed, based on specific tiers for network speed and data usage. This information submission follows Commission’s requirement for deployment of network performance requirements.

9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payments or gifts to respondents.

1. *Assurance of confidentiality.* Although some information collected in FCC Form 5634 will be made available for routine public inspection, the Commission may withhold certain information collected in FCC Form 5634 from routine public inspection. Specifically, the Commission may treat certain financial and technical information submitted in FCC Form 5634 as confidential. However, if a request for public inspection for this technical or financial information is made under 47 CFR § 0.461, and the applicant has any objections to disclosure, the applicant will be notified and will be required to justify continued confidential treatment. To the extent that an applicant seeks to have other information collected in FCC Form 5634 or during the post-selection review process withheld from public inspection, the applicant may request confidential treatment pursuant to 47 CFR § 0.459.
2. *Questions of a sensitive nature*. This information collection does not address any private matters of a sensitive nature.
3. *Estimates of the hour burden of the collection to respondents.* The following represents the hour burden on the collections of information:
4. **Application Requirements (FCC Form 5634):**

(1) Number of respondents: Approximately 20 applicants/respondents.

(2) Frequency of response: One-time proposal submission.

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

(4) Estimated time per response: 80 hours.

(5) Total annual hour burden: 1,600 hours.

80 hours per respondent for 20 applicants/respondents filing once. Total annual hour burden is calculated as follows:

20 applicants/respondents x 1 submission per respondent = 20 responses x 80 hours = **1,600 total hours**.

(6) Total estimate of in-house cost to respondents: $64,000 (1,600 hours x $40/hour).

(7) Explanation of calculation: We estimate that each applicant will spend at least 80 hours submitting their application for support.

20 (responses) x 80 (hours to compile and submit documentation) x $40/hour = $64,000.

1. **Annual Submission of Letter of Credit:**

(1) Number of respondents: Approximately 10. Each recipient of Stage 2 fixed support will need to submit a renewed or obtain a new letter of credit annually until it has certified that its buildout is complete and USAC has verified the buildout. Recipients that obtain a new letter of credit, rather than renewing or amending an existing letter of credit, will also need to submit a new attorney opinion letter accompanying the new letter of credit.

(2) Frequency of response: Annually.

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

(4) Estimated time per response: 2 hours.

(5) Total annual hour burden: 20 hours.

2 hours per respondent for approximately 10 support recipients filing annually. Total annual hour burden is calculated as follows:

10 recipients/respondents x 1 submission = 10 responses x 2 hours = **20 total annual hours**.

(6) Total estimate of in-house cost to respondents: $800 (20 hours x $40/hour).

 (7) Explanation of calculation: We estimate that each support recipient will spend at least 2 hours obtaining, compiling, and submitting the required documentation.

 10 (responses) x 2 (hours to obtain, compile, and submit documentation) x $40/hour = $800.

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

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| --- | --- | --- | --- | --- | --- |
| **Information Collection Requirements** | **Number of Respondents** | **Number of Responses****Per Year** | **Estimated Time per Response (hours)** | **Total Burden Hours** | **In-house Cost to Respondents** |
| **a. Application Requirements** | **20** | **1** | **80** | **1,600** | **$64,000** |
| **b. Annual Submission of Letter of Credit** | **10** | **1** | **2** | **20** | **$800** |

**TOTALS:**

**Total Number of Respondents: 20 unique respondents filing multiple times.**

**Total Number of Responses Annually: 30**

**Total Annual Hourly Burden for Requirements (a) – (b): 1,620**

**Total Annual In-House Costs to Respondents: $64,800**

1. *Estimates of the cost burden of the collection to respondents.* There are no outside costs to the respondents for this information collection. See the last column in the chart in item 12 above for the estimated in-house cost to respondents.
2. *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.

15. *Program changes or adjustment.* This is a new information collection, resulting in program changes/increases to the total number of respondents of 20, total annual responses of 30 and total annual burden hours of 1,620.

16. *Collections of information whose results will be published.* The information collection will not be published for statistical use. As discussed above, the Commission will make any non-proprietary information publicly available as the Commission deems appropriate.

17. *Display of expiration date for OMB approval of information collection.* The Commission seeks approval to not display the OMB expiration date on FCC Form 5634. This will prevent the Commission from having to change the expiration date whenever we re-submit this information collection for approval. The Commission will use an edition date on the form instead of the OMB expiration date. The Commission will publish the OMB control number and OMB expiration date in the Code of Federal Regulations. *See* 47 CFR § 0.408.

18. *Exception to the certification statement for Paperwork Reduction Act submission.*

There are no exceptions to the certification statement.

#  Collections of Information Employing Statistical Methods:

No statistical methods are employed.