

## SUPPORTING STATEMENT

### A. Justification

1. The Commission's truth-in-billing rules, adopted under sections 201(b) and 258 of the Communications Act of 1934, as amended, are designed to ensure that consumers can accurately assess that the services for which they are billed correspond to those they have requested and received, and that the costs assessed for those services conform to their understanding of the price charged. For most consumers, the monthly telephone bill is their primary source of information and point of contact with their telephone service providers. The manner in which charges are identified and presented on the bill is essential to a consumer's understanding of his/her carrier's services and charges.

#### Background:

The Commission first adopted truth-in-billing rules in 1999.<sup>1</sup> The rules generally require that telephone bills: (1) be clearly organized, clearly identify the service provider associated with each charge, and highlight any new provider (i.e., one that did not bill the customer for service during the last billing cycle); (2) contain brief, clear, and non-misleading descriptions of the charges that appear on the bill; and (3) contain clear and conspicuous disclosure of any information that the consumer might need to make inquiries about, or to contest, charges on the bill.<sup>2</sup> The rules also require wireline carriers to separate charges by service provider where charges for two or more carriers appear on the same telephone bill and to distinguish on telephone bills between "deniable" and "non-deniable" charges.<sup>3</sup> In 2005, the Commission extended these billing requirements, with some limited exceptions, to wireless carriers.<sup>4</sup>

In response to continuing concerns about cramming (the placement of unauthorized charges on consumer telephone bills, including charges by third parties), the Commission adopted two additional billing rules for wireline carriers in 2012. Specifically, the Commission required wireline carriers that offer blocking of third-party charges to clearly and conspicuously notify consumers of this option on their bills, websites, and at the point of sale and to place third-party charges in a distinct section of the bill separate from all other carrier charges and to include a separate subtotal of those charges.<sup>5</sup>

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<sup>1</sup> 47 CFR § 64.2401. See *Truth-in-Billing and Billing Format*, CC Docket 98-170, First Report and Order and Further Notice of Proposed Rulemaking, 14 FCC Rcd 7492, 7494, para. 3 (1999); *Truth-in-Billing and Billing Format*, Errata, 15 FCC Rcd 16544 (2000).

<sup>2</sup> 47 CFR § 64.2401.

<sup>3</sup> *Id.* §§ 64.2401(a)(2) and (c).

<sup>4</sup> See *Second Truth-in-Billing Order*, 20 FCC Rcd at 6456-58, paras. 16-20. The Commission exempted wireless carriers from 47 CFR § 64.2401(a)(2) and (c). The Order included a Further Notice of Proposed Rulemaking on additional truth-in-billing measures, but the Commission did not take action on such proposals. See *Second Further Notice of Proposed Rulemaking*, published at 70 FR 30044 (May 25, 2005).

<sup>5</sup> See *Empowering Consumers to Prevent and Detect Billing for Unauthorized Charges ("Cramming"); Consumer Information and Disclosure; Truth-in-Billing and Billing Format*, CG Docket Nos. 11-116 and 09-158, CC Docket No. 98-170, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 4436, 4455, para. 48 (2012), Erratum (2012).

*Existing (and previously approved) information collection requirements consist of:*

- (a) Clear identification of service providers. Wireline and wireless telephone bills must clearly identify the name of the service provider associated with each charge.<sup>6</sup> When a carrier bundles a number of services as a single package, such offering may be listed on the bill as a single offering by that provider, rather than listed as separate charges.
- (b) Separation of charges by service provider and highlighting new service provider information. All bills containing wireline common carrier services must:

- (1) Separate charges by each service provider, and
- (2) Clearly and conspicuously show any change in service providers by identifying all service providers that did not bill for services on the previous billing statement.<sup>7</sup>

These identification requirements only apply to providers that have a continuing arrangement with the subscriber that results in periodic charges on the subscriber's bill. Services billed solely on a per-transaction basis, such as operator service and directory assistance, are not subject to the requirement to clearly and conspicuously show any "change" in service provider.

- (c) Full and non-misleading description of charges.

- (1) For each charge, bills must include a brief, clear, plain-language description of the services associated with the charge;<sup>8</sup> and
- (2) When a bill for local wireline service contains additional carrier charges, the bill must differentiate between those charges for which non-payment could result in termination of local telephone service and those for which it could not ("non-deniable" and "deniable" charges).<sup>9</sup>

- (d) Clear and Conspicuous Disclosure of Inquiry Contacts.

- (1) All bills must display a toll-free number by which consumers may inquire about or dispute any charge on the bill.<sup>10</sup>
- (2) The toll-free number(s) must be displayed in a manner that permits a customer to easily identify the appropriate number to use to inquire about a particular charge.

Where the subscriber does not receive a paper copy of the telephone bill but instead accesses the bill by e-mail or the internet, the carrier may comply with this requirement by providing on the bill an e-mail or website address.

- (e) Separate Bill Section for Charges from Third Parties. Carriers that place on their telephone bills charges from third parties for non-telecommunications services must place those charges

<sup>6</sup> 47 CFR § 64.2401(a)(1).

<sup>7</sup> *Id.* § 64.2401(a)(1), (4).

<sup>8</sup> *Id.* § 64.2401(b).

<sup>9</sup> *Id.* § 64.2401(c).

<sup>10</sup> *Id.* § 64.2401(d).

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in a distinct section of the bill separate from all other carrier charges.<sup>11</sup> Charges in each distinct section of the bill must be separately subtotaled. These separate subtotals for carrier and non-carrier charges must be clearly and conspicuously displayed, along with the bill total, on the payment page of a paper bill or equivalent location on an electronic bill.

- (f) Blocking of third-party charges. Carriers that offer subscribers the option to block third-party charges from appearing on telephone bills must clearly and conspicuously notify subscribers of this option at the point of sale, on their websites, and on each telephone bill.<sup>12</sup>

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

The Commission is requesting an extension of this information collection in order to receive the full three-year OMB approval/clearance for this collection.

The statutory authority for this information collection is found in sections 201(b) and 258 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 201(b), 258, Public Law No. 104-104, 110 Stat. 56. The Commission's implementing rules are codified at 47 CFR §§ 64.2400-01.

2. The data generated by the information collection will be used by consumers to:
  - (a) help them understand the charges appearing on their wireline and wireless telecommunications service bills and to ensure such charges are accurate;
  - (b) help them compare service offerings and prices among competing providers;
  - (c) protect themselves against unauthorized charges and fraud; and
  - (d) help them resolve billing disputes.
  
3. The Commission expects that most records will be kept electronically. The Commission previously modified its requirement for a carrier to provide a contact number on a paper copy of a customer's bill, and created a limited exception when the customer accesses that bill only by e-mail or internet.
  - (a) Under such circumstances, the Commission found it reasonable to expect that customers can adequately resolve their inquiries and disputes through e-mail or website communications.
  - (b) The Commission noted that any carrier may provide on customers' bills other means for consumers to make inquiries, such as an e-mail address, in addition to the toll-free number required by 47 CFR § 64.2401(d).
  - (c) The Commission's rules allow carriers to use electronic collection techniques, i.e., Internet, e-mail, and toll-free numbers, to comply with this information collection requirement.
  - (d) The Commission's rules only require those carriers that offer the option to block third-party charges to notify subscribers of that option. They must do so on each telephone bill, at the

<sup>11</sup> 47 CFR § 64.2401(a)(3).

<sup>12</sup> 47 CFR § 64.2401(f)(1) and (f)(2).

point of sale, and on their websites. Carriers that do not offer blocking of third-party charges do not need to make any additional notifications to consumers.

4. The information collection requirements are not duplicative of any existing federal regulatory obligation.
5. There will not be a significant impact on a substantial number of small businesses/entities by this information being collected. The rules dating back to 1999 and revised in 2012 and 2018 have been in place for some time and are generally consistent with current industry practices, so the current costs of compliance are limited.
6. Without these information collection requirements, consumers may be confused and frustrated reviewing their bills and may not have the information they need when seeking service from a new provider. They may also experience difficulty in detecting fraud, comparing carrier rates, and in resolving billing disputes. Thus, the Commission will continue to accept and process consumer complaints regarding billing issues and to ensure that carriers comply with the truth-in-billing rules.
7. No special circumstances exist that would cause this collection to be conducted in any manner that is inconsistent with the guidelines in 5 CFR § 1320.
8. Pursuant to 5 CFR § 1320.8(d), the Commission published a 60-day *Federal Register* notice on March 9, 2021, at 86 FR 13543, seeking comment from the public on the information collection requirements contained in this supporting statement. The Commission did not receive any comments in response to the notice.
9. The Commission does not anticipate providing any payment or gift to any respondents.
10. The Commission is not requesting that respondents submit confidential information to the Commission.
11. This information collection does not raise any questions or issues of a sensitive nature for respondents.
12. Estimates of the burden hours for the collection of information are as follows:

**RESPONDENTS:** The total number of annual respondents for this information collection is **4,165 wireline and wireless telecommunications carriers**.<sup>13</sup> All 4,165 respondents are subject to requirements a, c, and d. Out of the 4,165 respondents, 3,554 wireline telecommunications carriers are also subject to requirements b and e and f.

**Existing Information Collection Requirements** (includes no program changes since the last submission other than the update of the 2021 hourly wage of a GS-13/5 government employee used to calculate costs and a consolidation of certain requirements):

- a. Clear identification of service providers:

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<sup>13</sup> The total number of respondents is as follows: a total of 4,165 wireline and wireless telecommunications carriers, of which 3,554 are wireline telecommunications carriers and 611 are wireless telecommunications carriers.

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The Commission estimates that there will be approximately 4,165 respondents subject to the Commission's requirement that each service provider charging the consumer for service be listed on the bill.

The Commission views this requirement as being one response per respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimated, however, account for the time involved in replicating the information on numerous bills. This process is done "on occasion" and will require approximately 5 hours:

**Annual Number of Responses: 4,165**

**Annual Burden Hours:**

4,165 respondents x 1 clarification per respondent x 5 hours = **20,825 hours**

**Annual "In-House" Costs:**

The Commission assumes that respondents use "in house" personnel comparable in pay to that of a mid-to-senior level federal employee (GS-13/5). The Commission estimates each respondent's cost to be about \$56.31 per hour to comply with the requirements:

4,165 respondents x 1 clarification per respondent x 5 hours x \$56.31 = **\$1,172,655.75**

- b. Separation of charges by service provider and highlighting new service provider information:

The Commission estimates that approximately 3,554 respondents (wireline providers) that have a continuing arrangement with the subscriber that results in periodic charges on the subscriber's bill, will separate charges for each provider and highlight any new service providers. The Commission views this requirement as being one response per respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimated, however, accounts for the time involved in replicating the information on numerous bills. This process is done "on occasion" and will require approximately 230 hours.

**Annual Number of Responses: 3,554**

**Annual Burden Hours:**

3,554 respondents x 1 response/respondent x 230 hours = **817,420 hours**

**Annual In-House Costs:**

The Commission assumes that respondents use "in house" personnel comparable in pay to that of a mid-to-senior level federal employee (GS-13/5); the Commission estimates each respondent's cost to be about \$56.31 per hour to comply with the requirements:

3,554 respondents x 1 response/respondent x 230 hours x \$56.31 = **\$46,028,920.20**

- c. Full and non-misleading billed charges:

The Commission estimates that approximately 4,165 respondents (wireless and wireline carriers) will issue bills to their customers.

- (1) Each charge in the customer's bill will include a brief, clear, plain-language description of the services rendered.
- (2) Wireline respondents will distinguish on each of their customers' bills those charges that the customer may refuse to pay without jeopardizing the provision of local telephone service, and those charges for which non-payment may result in disconnection of the customer's local telephone service.

**Annual Number of Responses:**

$$\begin{array}{r}
 3,554 \text{ respondents} \times 2 \text{ responses} = 7,108 \text{ responses} \\
 611 \text{ respondents} \times 1 \text{ response} = \underline{611 \text{ responses}} \\
 \hline
 \mathbf{7,719 \text{ responses}}
 \end{array}$$

The Commission estimates that 3,554 wireline respondents must comply with (1) and (2), and that this will require approximately 50 hours per response (2 responses x 50 hours = 100 total hours). In addition, 611 wireless respondents must comply with (1), and this will require approximately 50 hours per response (for a combined total of 100 hours plus 50 hours or 150 hours).

**Annual Burden Hours:**

$$\begin{array}{r}
 3,554 \text{ respondents} \times 2 \text{ responses/respondent} \times 50 \text{ hours} = 355,400 \text{ hours} \\
 611 \text{ respondents} \times 1 \text{ response/respondent} \times 50 \text{ hours} = \underline{30,550 \text{ hours}} \\
 \hline
 \mathbf{385,950 \text{ hours}}
 \end{array}$$

The Commission views these requirements as being two responses for each wireline respondent, and one response per wireless respondent, because each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimated, however, accounts for the time involved in replicating the information on numerous bills.

**Annual "In-House" Costs:**

The Commission assumes that respondents use "in house" personnel comparable in pay to that of a mid-to-senior level federal employee (GS-13/5); the Commission estimates each respondent's cost to be about \$56.31 per hour to comply with the requirements:

$$\begin{array}{r}
 3,554 \text{ respondents} \times 2 \text{ responses/respondent} \times 50 \text{ hours} \times \$56.31 = \$20,012,574.00 \\
 611 \text{ respondents} \times 1 \text{ response/respondent} \times 50 \text{ hours} \times \$56.31 = \underline{\$1,720,270.50} \\
 \hline
 \mathbf{\$ 21,732,844.50}
 \end{array}$$

d. Clear and conspicuous disclosure of inquiry contacts:

The Commission estimates that approximately 4,165 respondents will place contact information on bills for consumers to inquire about or dispute any charge on the bills. The Commission views this requirement as being one response per respondent, because

each respondent will list the information in exactly the same manner on each of the bills it issues. The hours estimated, however, accounts for the time involved in replicating the information on numerous bills. This process will be done “on occasion” and will require approximately 2 hours:

**Annual Number of Responses: 4,165**

**Annual Hour Burdens:**

4,165 respondents x 2 hours/response/respondent = **8,330 hours**

**Annual “In-House” Costs:**

The Commission assumes that respondents use “in house” personnel comparable in pay to that of a mid-to-senior level federal employee (GS-13/5); the Commission estimates each respondent’s cost to be about \$56.31 per hour to comply with the requirements:

4,165 respondents x 2 hours/response/respondent x \$56.31 = **\$469,062.30**

e. Separate bill section for third-party charges:

Wireline carriers must place non-telecommunication service charges from third parties in a separate section of the bill. The Commission estimates that there will be approximately 3,554 respondents subject to this requirement. This process will be done “on occasion” and will require approximately 100 hours for each of the 3,554 respondents to modify their billing systems.

**Annual Number of Responses: 3,554**

**Annual Burden Hours:**

3,554 respondents x 1 billing system/respondent x 100 hours = **355,400 hours**

**Annual In-House Cost:**

The Commission assumes that respondents use “in house” personnel comparable in pay to that of a mid-to-senior level federal employee (GS-13/5); the Commission estimates each respondent’s cost to be about \$56.31 per hour to comply with the requirements:

3,554 respondents x 1 billing system/respondent x 100 hours x \$56.31/hr =  
**\$20,012,574.00**

f. Notification of option to block third-party charges:

The Commission has adopted a requirement that wireline carriers must include on their telephone bills, websites, and at the point of sale, a notice that they offer the ability for consumers to block third-party charges if they offer such option. The Commission estimates that there will be approximately 3,554 respondents subject to this requirement. This process will be done “on occasion” and will require approximately 80 hours for each of the 3,554 respondents to modify their billing systems.

**Annual Number of Responses: 3,554**

**Annual Burden Hours:**

3,554 respondents x 1 billing system/respondent x 80 hours = **284,320 hours**

**Annual In-House Cost:**

The Commission assumes that respondents use “in house” personnel comparable in pay to that of a mid-to-senior level federal employee (GS-13/5); the Commission estimates each respondent’s cost to be about \$56.31 per hour to comply with the requirements:

3,554 respondents x 1 billing system/respondent x 80 hours x \$56.31/hr = **\$16,010,059.20**

***Table of Revised Information Collection Requirements Regarding Obligations to Display Billed Charges Clearly and Separately, Highlight New Service Providers, and Prominently Display Inquiry Contact Numbers***

<b>Wireline/Wireless Carriers’ Obligation To Highlight New Service Providers And Prominently Display Inquiry Contact Numbers</b>	<b>Estimated Number Of Wireline/Wireless Carriers (Respondents) To Comply -- (# Of Responses)</b>	<b>Estimate Of Hours To Meet Requirement</b>	<b>Annual Hourly Burdens</b>	<b>Hourly “In-House” Cost</b>	<b>Total “In-House” Cost</b>
a. Clear identification of service providers	4,165 (4,165 responses)	5	20,825	\$56.31	\$1,172,655.75
b. Separation of charges by service providers and highlighting new service provider information	3,554 (3,554 responses)	230	817,420	\$56.31	\$46,028,920.20
c. Full and non-misleading billed charges	4,165 (7,719 responses)	100	385,950	\$56.31	\$21,732,844.50
d. Clear and conspicuous disclosure of inquiry contacts	4,165 (4,165 responses)	2	8,330	\$56.31	\$469,062.30
<b>TOTAL</b>	<b>Respondents – 4,165<sup>14</sup> /Responses – 19,603</b>		<b>1,232,525</b>		<b>\$69,403,482.75</b>

<sup>14</sup> As mentioned in the **\*Note** at the beginning of question 12, there are 4,165 respondents in total affected by this information collection. Of the 4,165 respondents, 4,165 are affected by the requirements in a, c, and d, and 3,554 respondents are affected by the requirements in b, e and f.

***Table of Revised Information Collection Requirements Regarding Wireline Carriers' Measures to Enable Consumers to Detect and Prevent Unauthorized Charges***

<b>Wireline Carriers' Measures To Enable Consumers to Detect and Prevent Unauthorized Charges</b>	<b>Estimated Number Of Wireline/Wireless Carriers (Respondents) To Comply – (# Of Responses)</b>	<b>Estimate Of Hours To Meet Requirement</b>	<b>Annual Hourly Burdens</b>	<b>Hourly "In-House" Cost</b>	<b>Total "In-House" Cost</b>
e. Third-party charges in a separate bill section	3,554 (3,554 responses)	100	355,400	\$56.31	\$20,012,574.00
f. Disclosure of blocking options on bills, website and at the point of sale	3,554 (3,554 responses)	80	284,320	\$56.31	\$16,010,059.20
<b>TOTAL</b>	<b>Respondents - 3,554<sup>15</sup>/Responses- 7,108</b>		<b>639,720</b>		<b>\$36,022,633.20</b>

**Cumulative Totals:**

**Cumulative Total Number of Respondents: 4,165**

**Cumulative Total Number of Responses: 23,157**

**Cumulative Total of Annual Burden Hours: 1,872,245**

**Cumulative Total Annual "In-House" Costs: \$105,426,115.95**

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

(a) Cumulative Total annualized capital/start-up costs: \$10,000,000

The Commission estimates that the annualized capital costs for wireline and wireless carriers will include the purchase of upgraded software or other capital equipment on an annual basis to organize customer bills in accordance with the Commission's rules. These costs will vary widely depending upon the carrier's current billing system but have likely been reduced as carriers have been complying with these billing rules for many years. \$10,000,000 is a reasonable estimate.

(b) Total annual costs (operations and maintenance): \$0.00

(c) Cumulative Total annualized costs requested: **\$10,000,000**

14. Estimates of annualized cost to the Federal Government are as follows:

The Commission estimates that since the Federal Government is only involved under the "third party disclosure requirements," it will have no direct costs to bear, and any such costs should be included as part of its regulatory functions. Thus, there are no costs to the Federal Government.

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<sup>15</sup> See *id.*

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15. The Commission has re-evaluated its previous burdens associated with this information collection and notes the following adjustments in associated burdens and costs described herein:

The annual number of respondents remain the same at **4,165**; the annual number of responses decreased by **-10,662**, from **33,819** to **23,157**; the annual burden hours decreased by **-78,188**, from **1,950,433** to **1,872,245** and the annual cost decreased by **-\$5,918,200** from **\$15,918,200** to **\$10,000,000**.

There are no program changes.

16. The Commission does not plan to publish the results of the information collection requirements.
17. The Commission does not intend to seek approval not to display the expiration date for OMB approval of the information collection.
18. There are no exceptions to the Certification Statement.

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

The information collection does not employ any statistical methods.