

SUPPORTING STATEMENT

Part A. Justification:

1. In the *USF/ICC Transformation Order*, the Commission directed the Wireline Competition Bureau and Wireless Telecommunications Bureau (Bureaus) to conduct a survey of residential urban rates for voice services.¹ Specifically, the Commission directed the Bureaus to “develop a methodology to survey a representative sample of facilities-based fixed voice service providers taking into account the relative categories of fixed voice providers as determined in the most recent FCC Form 477 data collection.”² The Commission also delegated “authority to conduct an annual survey of urban broadband rates, if necessary, in order to derive a national range of rates for broadband service”³ and “to monitor urban broadband offerings, including by conducting an annual survey, in order to specify an appropriate minimum for usage allowances and to adjust such a minimum over time.”⁴

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

The Statutory authority for this information collection is contained in 47 U.S.C.254(b).

2. The Commission will use the data collected to implement universal service reforms adopted as part of the *USF/ICC Transformation Order*. For the survey, the Commission will annually select a statistically valid sample of urban providers who will complete the survey form with the information specified. The information collected will be used to establish that universal service support recipients offering fixed voice and broadband services do so at reasonably comparable rates to those in urban areas.⁵ These measures are important components of the Commission’s overall effort in the *USF/ICC Transformation Order* to improve accountability for the use of universal service funding.

3. The entire collection will be through electronic means. All sampled firms will be required to submit their responses electronically by answering questions in an online collection system.

4. To calculate a rate floor and ensure that rates are reasonably comparable in rural and urban areas as required by the *USF/ICC Transformation Order*, the Commission must have detailed information about voice and broadband rates, fees, taxes, etc. in urban areas. This information has not been collected prior to the initiation of the Urban Rate Survey, and the Commission is not aware of any other source for this information. Although some data providing local rates may be available, these data do not provide a statistically valid sample of all providers.

¹ *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17694, para. 85 (2011) (*USF/ICC Transformation Order and/or FNPRM*), *aff’d sub nom.*, *In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

² *Id.*

³ *Id.* at 17708, para. 114.

⁴ *Id.* at 17699, para. 99.

⁵ *USF/ICC Transformation Order and FNPRM*, 26 FCC Rcd at 17751, 17855, paras. 239, 592.

5. The data collection form should be easily completed by firms of all sizes (including small businesses and other small entities) using data readily available in the course of regular business operations. Because of the sampling approach used, small businesses and small entities are less likely to be sampled and therefore the total burden on these firms will be a relatively small portion of the total burden.
6. This collection will allow the Commission to improve accountability of the Universal Service Fund by not subsidizing rates that are unreasonably high. It is important to collect this data on an annual basis so that the criteria used to protect the fund are current. A less frequent data collection would reduce the Commission's ability to enforce its rules protecting the fund in a meaningful way.
7. There are no special circumstances associated with this collection that would result in information being collected in a manner inconsistent with OMB's guidelines under 5 C.F.R. § 1320.5(d)(2).
8. Pursuant to 5 CFR 1320.8(d), the Commission published a notice in the Federal Register soliciting public comment on August 10, 2022 (87 FR 48661). No PRA comments were received.
9. No payment or gifts will be made to respondents.
10. The information being collected is not confidential, and no assurances of confidentiality are being provided.
11. The survey does not ask any questions of a sensitive nature such those related to sexual behavior, attitudes about sexual issues, or religious beliefs.
12. The unit of observation is the provider-census tract pair. In other words, we ask providers for their prices in particular (urban) census tracts. The Commission plans annually to sample prices from 500 voice provider-census tract pairs and 2,000 fixed broadband provider-census tract pairs for a total sample size of 2,500 units. Our sampling method is probability proportional to size sampling. This means that the number of census tracts we sample regarding an individual provider depends on the relative number of subscribers the provider serves. In the 2022 survey, the number of sample responses ranged from one census tract for small providers to 143 tracts (counting both voice and fixed broadband tracts) for the largest service provider.

The following represents our estimate of the annual cost burden for the collection of information.

(1) Number of Responses: We estimate that 91% of 2,500 sample responses requested will be received for a total of 2,275 responses. (91% x 2,500 = **2,275**)

(2) Frequency of Response: The annual reporting requirement is one response per randomly selected census tract

(3) Annual Number of Responses: 2,275 respondents x 1 response per year = **2,275**

We estimate that it will take approximately 3 hours per response, based on the time it would take each provider to read the instructions, to gather sources of data from in-house records, and to input the data and submit it electronically. Certain administrative efficiencies may accrue to large service providers for whom we sample multiple census tracts. Otherwise, we do not expect that the burden should vary significantly across firms of different sizes to report their rates for a single Census tract.

(4) Total Annual Hourly Burden = 2,275 responses x 3 hours per response = **6,825 hours**

The Commission estimates that it will take a service provider using an employee paid an in-house equivalent to a GS12/Step 10 employee to comply with the requirements because we expect a knowledgeable, moderately experienced, non-managerial employee to most likely complete the survey and we do not anticipate any respondents will use contract labor to complete this data collection.⁶

(5) Total In-house Costs to the Respondent: 6,825 burden hours x \$72.75 per hour = **\$496,518.75**

13. This data collection will require respondents only to report information that is readily available to the firm in the normal course of business. Respondents should not incur any capital or start-up costs or need to purchase any additional services. Therefore, for items 13 (a) and (b) we are estimating no outside contracting costs.

14. The data collected will be received by an electronic system that has already been created and then processed by Commission staff during regular business hours and thus is no additional cost to the Federal Government.

15. There are no program changes or changes to the number of responses collected for this survey.

16. The Commission plans to compile the information collected into several tables and make them available to the public on the Commission's website. These tables will primarily report reasonable comparability benchmark(s) for which the data collection is being conducted. The completion of the tables and posting of the information should occur within a few months of the completion of the collection. The collection will be conducted at the end of each calendar year with the results posted in first or second quarter of the following year.

17. Not applicable. The Commission publishes a list of all OMB-approved information collections in 47 C.F.R. § 0.408 of the Commission's rules.

18. There were no exceptions to the Certification Statement.

B. Collection of Information Employing Statistical Methods

The Commission notes that the collection of this information will employ statistical methods. See the Part B Statistical Methodology write-up that is a component of this supporting statement.

⁶ The Commission used the 2022 locality pay area of Washington-Baltimore-Arlington schedule with this submission. The hourly rate for a GS 12 Step 10, is \$55.96 plus \$16.79 for the overhead cost segment. The \$72.75 hourly rate more accurately reflects the Commission's estimate of entity staff time preparing this report(s).