

This submission is being made pursuant to 44 U.S.C. § 3507 of the Paperwork Reduction Act of 1995 to extend this collection.

SUPPORTING STATEMENT

A. Justification:

Circumstances that make the collection necessary:

1. Section 220 of the Communications Act of 1934, as amended (Act), requires the Commission (FCC) to prescribe a uniform system of accounts (USOA) for use by telephone companies.¹ Part 32 of the Commission's rules implements the requirements of section 220.² The USOA is an historical financial accounting system that, among other things, prescribes a chart of accounts and directs telephone companies how to record certain transactions in their books of account.³ While the USOA employs generally accepted accounting principles (GAAP) for many accounting entries,⁴ it requires telephone companies to maintain a chart of accounts and to comply with specific accounting requirements for certain regulatory purposes. This has required incumbent telephone companies to maintain separate financial and regulatory books.

On February 24, 2017, the Commission released the *Part 32 Order* that minimizes the compliance burdens imposed by the USOA on price cap and rate-of-return telephone companies, while ensuring that the FCC retains access to the information it needs to fulfill its regulatory duties.⁵

The Commission consolidated Class A and Class B accounts by eliminating the current classification of carriers, which divides incumbent LECs into two classes for accounting purposes based on annual revenues.⁶ Carriers subject to Part 32's USOA will now only be required to keep Class B accounts.

The Commission concluded that price cap carriers may elect to use GAAP for all regulatory

¹ See 47 U.S.C. § 220.

² See 47 CFR Part 32; *Revision of the Uniform System of Accounts and Financial Reporting Requirements for Class A and Class B Telephone Companies (Parts 31, 33, 42, and 43 of the FCC's Rules)*, CC Docket No. 78-196, Report and Order, 60 Rad. Reg. 2d (P&F) 1111, para. 2 (1986).

³ The USOA also establishes rules for a carrier's affiliate transactions and prescribes the accounting treatment for depreciation expenses. In addition, the USOA requires carriers to maintain property records of all telecommunications plant in service.

⁴ GAAP is that common set of accounting concepts, standards, procedures and conventions which are recognized by the accounting profession as a whole and upon which most nonregulated enterprises base their external financial statements and reports.

⁵ *Comprehensive Review of the Part 32 Uniform System of Accounts; Jurisdictional Separations and Referral to the Federal-State Joint Board*, Report and Order, 32 FCC Rcd 1735 (2017) (*Part 32 Order*).

⁶ See 47 CFR § 32.11(b). Rate-of-return carriers do not currently qualify as Class A carriers and thus are not required to keep Class A accounts.

accounting purposes if they:

- (a) establish an “Implementation Rate Difference,” which is the difference between pole attachment rates calculated under Part 32 and under GAAP as of the last full year preceding the carrier’s initial opting out of Part 32 accounting requirements; and
- (b) adjust their annually-computed GAAP-based pole attachment rates by the Implementation Rate Difference for a period of 12 years after the election.

Alternatively, price cap carriers may elect to use GAAP accounting for all purposes other than those associated with pole attachment rates and continue to use the Part 32 accounts and procedures applicable to pole attachment rates for up to 12 years.

In addition, the Commission reduced the accounting requirements for telephone companies with a continuing obligation to comply with Part 32 in the following areas:

- Telephone companies may carry an asset at its purchase price when it was acquired, even if its value has increased or declined when it goes into regulated service.
- Telephone companies may reprice an asset at market value after a merger or acquisition consistent with GAAP.
- Telephone companies may use GAAP principles to determine Allowance-for-Funds-Used-During-Construction; and
- Telephone companies may employ the GAAP standard of materiality. Rate-of-return carriers receiving cost-based support must determine materiality consistent with the general materiality guidelines promulgated by the Auditing Standards Board.
- Price cap carriers with a continuing Part 32 accounting obligation must maintain continuing property records necessary to track substantial assets and investments in an accurate, auditable manner. Price cap carriers must make such property information available to the Commission upon request.

Finally, the Commission stated that carriers with a continuing Part 32 obligation must continue to comply with the USOA’s depreciation procedures and its rules for cost of removal-and-salvage accounting.

On April 20, 2017, the Commission adopted the *Business Data Services Order*, reforming the business data services regulations for incumbent price cap LECs and competitive carriers.⁷ Among other things, the Commission removed unnecessary regulations on price cap business data services where competition exists while retaining regulation in circumstances without such competition.

On October 24, 2018, the Commission released the *Rate-of-Return Business Data Services Report and Order*, allowing rate-of-return carriers currently receiving model-based or other fixed high-cost support to voluntarily elect to transition their business data services offerings from rate-of-return to incentive regulation.⁸ Electing carriers also were allowed to choose to use GAAP instead of the USOA and those carriers that did so are relieved of virtually all of the filing and record keeping requirements of

⁷ *Business Data Services in an Internet Protocol Environment et al.*, WC Docket 16-143, Report and Order, 32 FCC Rcd 3459 (2017) (*Business Data Services Order*).

the USOA with the sole exception of the same data provisioning requirements for the calculation of pole attachment rates as price cap carriers, which are covered under this collection.

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

Statutory authority for this information collection is contained in sections 10, 201, 219-220, 224, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 160, 201, 219-220, 224, and 403.

2. The information collection requirements set forth below ensure that the Commission has access to the information it needs to fulfill its regulatory duties while minimizing the burden on carriers.

3. The Commission believes that the respondents use automation and advanced information technology systems in complying with these information requirements. Carriers should file their information electronically.

4. There is no other existing information that would serve our regulatory purposes.

5. This collection has been carefully designed to minimize the burden on all carriers, regardless of size.

6. Without this information, the Commission would be unable to fulfill its regulatory responsibilities under the Act.

7. No other special circumstances will apply to these information requirements.

8. The Commission published a 60-day Notice in the Federal Register seeking public comment on May 8, 2026 (91 FR 25359). No comments were received as a result of this notice.

9. The Commission does not anticipate providing any payment or gift to respondents.

10. If respondents submit information that they believe is confidential, they may request confidential treatment of such information pursuant to section 0.459 of the Commission's rules, 47 C.F.R. § 0.459.

11. There are no questions of a sensitive nature with respect to this information collection.

12. The following represents the estimated number of burden hours for this information collection, reflecting the additional costs imposed by Part 32 above those associated with GAAP. We note that the hourly burden imposed by the requirement is very difficult to quantify. The following represents our best estimate.

The information collection requirements are as follows:

A. Reporting Requirement for IRD for Pole Attachments:

(1) Number of respondents: **11 ILECs.**

⁸ *Regulation of Business Data Services for Rate-of-Return Local Exchange Carriers et al.*, WC Docket Nos. 17-144 et al., Report and Order, Second Further Notice of Proposed Rulemaking, and Further Notice of Proposed Rulemaking, 33 FCC Rcd 10403 (2018) (*Rate-of-Return Business Data Services Order*).

(2) Frequency of response: **On occasion reporting requirement.**

(3) Total number of responses annually: **Approximately 2.**

(4) Estimated time per response: **20 hours.**

(5) Total annual burden: **440 hours.**

11 Respondents x 20 hours x approximately 2 responses per year = 440 hours.

(6) Total estimate of “in-house” cost to respondents: **\$24,472.80**

(7) Explanation of calculation:

The Commission estimates that respondents will use personnel comparable in pay to a GS-12/Step 5 employee earning \$55.62 per hour. Thus:

440 hours x \$55.62 = \$24,472.80.

B. Recordkeeping Requirements for price cap ILECs electing GAAP with Part 32 For Pole Attachments:

(1) Number of respondents: **1 ILEC.**

(2) Frequency of response: **Annual reporting requirement.**

The respondent will maintain Part 32 accounts potentially used to calculate pole attachment rates for each state in which it operates where state commissions do not regulate pole attachment rates.

(3) Total number of responses: **Approximately 10.**

The Commission estimates that the respondent operates in approximately 10 states.

(4) Estimated time per response: **Approximately 40 hours.**

(5) Total annual burden: **400 hours.**

1 respondent x 40 hours x approximately 10 responses = 400 hours.

(6) Total estimate of “in-house” cost to respondents: **\$22,248.00.**

(7) Explanation of calculation:

The Commission estimates that respondents will use personnel comparable in pay to a GS-12/Step 5 employee earning \$55.62 per hour. Thus:

400 hours x \$55.62 = \$22,248.00.

C. Recordkeeping Requirement for Additional Burdens of Part 32 Over GAAP--

Depreciation, Cost of Removal and Salvage, etc.:

- (1) Number of respondents: **842 ILECs.**⁹
- (2) Frequency of response: **On occasion and annual reporting requirements.**

Carriers that have a continuing Part 32 accounting obligation must continue to comply with the Part 32 requirements applicable to depreciation, cost of removal, and salvage accounting.

- (3) Total number of responses annually: **842 ILECs.**
- (4) Estimated time per response: **Approximately 30 hours on average.**
- (5) Total annual burden: **25,260.**

842 respondents x 30 hours x approximately 1 response per year = 25,260 hours.

- (6) Total estimate of “in-house” cost to respondents: **\$1,404,961.20.**
- (7) Explanation of calculation:

The Commission estimates that respondents will use personnel comparable in pay to a GS-12/Step 5 employee earning \$55.62 per hour. Thus:

25,260 hours x \$55.62 = \$1,404,961.20.

D. Rate-of-Return Carrier Continuing Property Records Recordkeeping Requirement:

- (1) Number of respondents: **842 ILECs.**
- (2) Frequency of response: **On occasion and annual reporting requirements.**

The Commission estimates that approximately respondents will be required to maintain property records necessary to track substantial assets and investments, to make such property information available to the Commission upon request, and to ensure the maintenance of such data.

- (3) Total number of responses annually: **842.**
- (4) Estimated time per response: **Approximately 30 hours on average.**
- (5) Total annual burden: **25,260 hours.**

⁹ Since this collection was established, 346 active rate-of-return study areas out of 1,107 elected incentive regulation. Originally 352 study areas elected incentive regulation, however, 6 study areas are no longer active and thus have no continuing property recordkeeping obligation. Additionally, approximately 87 study areas that elected incentive regulation continue to compile part 32 pole attachment account data. Accordingly, the total number of respondents (842) was developed taking the total number of rate-of-return carriers (1,107) and subtracting the number rate-of-return study areas that elected incentive regulation (352) and adding the approximate number of study areas that elected incentive regulation that continue to compile part 32 pole attached account data (1,107 – 352 + 87 = 842).

842 respondents x 30 hours per response x 1 response per year = 25,260 hours.

Total estimate of “in house” costs to respondents: \$1,404,961.20

(6) Explanation of calculation:

The Commission estimates that respondents will use personnel comparable in pay to a GS-12/Step 5 employee earning \$55.62 per hour. Thus:

25,260 hours x \$55.62/hour = \$1,404,961.20.

Summary:

Total Number of Respondents: 11 + 1 + 842 = 854.

Total Number of Responses Annually: 2 + 10 + 842 + 842 = 1,696.

Total Annual Burden Hours: 440 + 400 + 25,260 + 25,260 = 51,360.

Total “In-House” Costs: \$24,472.80 + \$22,248.00 + \$1,404,961.20 + \$1,404,961.20 = \$2,856,643.20.

13. The following represents the Commission’s estimate of the annual cost burden for respondents resulting from the information collection:

(a) Total capital and start-up cost component (annualized over its expected useful life): **\$0.**

(b) Total operations and maintenance and purchase of services component: **\$0.**

14. There will be no cost to the federal government.

15. From the last submission to OMB, the Commission is reporting adjustments/decreases in this information collection. The total number of respondents decreased by -95 respondents, the total annual responses decreased by -248 responses, and the total annual burden hours decreased by -18,460 hours. These decreases are due in part to the growing number of rate-of-return ILEC study areas that have elected incentive regulation and GAAP accounting and therefore chosen not to maintain Part 32 accounts. In addition, any ILEC that elected incentive regulation and GAAP accounting without maintaining Part 32 accounts related to pole attachment rate calculations typically calculates the pole attachment IRD only once or twice per year because this requirement became effective nine years ago and the calculation is required only once per study area and only when a pole attachment rate is at issue in a complaint filed with the Commission. Moreover, pole attachment rate complaints are filed with the Commission only where a state has not assumed jurisdiction.

There are no program changes.

16. The Commission does not anticipate that it will publish any of the information collected.

17. The Commission does not 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:

This information collection does not employ any statistical methods.