

## SUPPORTING STATEMENT

This collection is being submitted to extend an existing collection.

### **A. Justification:**

1. In the Report and Order issued in CC Docket No. 96-187, adopted and released in January 1997, the Commission adopted measures to implement the specific streamlining tariff requirements for local exchange carriers (LECs) of the Telecommunications Act of 1996 (1996 Act). The Commission requires the following information be collected from LECs eligible for streamlined regulation:

a. Electronic filing requirement: The 1996 Act provides that LECs may file tariffs on seven and fifteen days' notice (47 U.S.C. § 204(a)). The Commission implemented a program for the electronic filing of tariffs that will require local exchange carriers to file tariffs and file documents in tariff proceedings by means of the Electronic Tariff Filing System (ETFS) as well. Requirements for the EFTS system were articulated in an Order released by the Bureau May 28, 1998.

b. Requirement that carriers desiring tariffs proposing decreases to be effective in seven days must be filed in separate transmittals: The 1996 Act provides that LEC tariffs seeking rate increases shall be effective in fifteen days and LEC tariffs seeking rate decreases shall be effective in seven days. The 15 day notice period applies to transmittals that contain both rate increases and decreases. Carriers wishing to take advantage of the seven day notice period must file rate decreases in separate transmittals. This result will permit all of the carriers' rate changes will still receive streamlined treatment. Carriers filing a rate decrease have the opportunity to file on the shorter seven-day notice period by transmitting rate decrease in a separate filing. Any other tariff filed pursuant to section 204(a)(3) of the Communications Act, including those that propose a rate increase or any change in terms and conditions of service other than a rate charge, shall be filed on 15 days' notice.

c. Requirement that carriers identify transmittals filed pursuant to the streamlined provisions of the 1996 Act: Because of the short notice periods, the Commission adopted the requirement that carriers specifically identify transmittals filed pursuant to Section 204(a)(3), including whether the transmittals contain rate increases, rate decreases or both. The Commission requires that LECs display prominently in the upper right hand corner of the tariff transmittal letters a statement indicating that the tariff filing contains a proposed rate increase, decrease or both. This requirement will result in minimal inconvenience to the LECs while allowing the Commission and public to identify quickly whether the tariff is eligible for streamlined treatment and the notice period to be applied to the filing. Without such a statement, we will treat transmittals as filed outside of section 204(a)(3), i.e., not on a streamlined basis.

d. Requirement that price cap LECs file their Tariff Review Plans (TRPs) prior to filing their annual access tariffs: Under existing Commission rules, LECs are required to submit revisions to their annual access tariffs on 90 days' notice to be effective on July 1. Because these revisions are eligible for streamlined treatment, we require carriers subject to price cap regulation to file a TRP which will facilitate review of the annual access filings within the streamlined notice periods by resolving most of the major issues currently raised with the annual access proceedings. We also find that this requirement will not impose an unnecessary burden on the LECs because they are currently required to file TRPs at the time they file their annual access tariffs in order to comply with the cost support requirements of our rules.

e. Petitions and Replies: Petitions against LEC tariff transmittals will be filed as currently specified in Section 1.773(a) and Replies will be filed as currently specified in Section 1.773(b) of the Commission's rules. These rules require petitions against a tariff filing made on seven days' notice to be filed within 3 days after the date of the filing. Replies to such petitions must be filed and served within 2 days after the date the petition is filed with the Commission. Petitions against a tariff filing made on at least 15 days' notice shall be filed and served within 7 days after the date of filing. Replies to such petitions shall be filed and served within 4 days after service of the petition. All tariffs and associated documents filed on 15 days' notice or less must include, among other things, the facsimile number of the individual designated by the filing carrier to receive personal or facsimile service of petitions. Petitions and replies in connection with such tariff filings shall be served by hand or facsimile.

f. Standard Protective Orders: In the Report and Order, the Commission issued a standard protective order for use in review of LEC tariff filings submitted pursuant to section 204(a)(3). Reviewing parties must keep a written record of all copies made and to provide this record to the Submitting Party on reasonable request.

As noted on the OMB Form 83i, this information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

Statutory authority for this collection of information is contained in Sections 1, 4(i) and 204(a)(3) of the Communications Act of 1934, as amended.

2. The information collected under the program of electronic filing will facilitate access to tariff and associated documents by the public, especially by interested persons who do not have ready access to the Commission's public reference room, and state and federal regulators. Ready electronic access to carrier tariffs should also facilitate the compilation of aggregate data for industry analysis purposes without imposing new reporting requirements on carriers. The Commission adopted its proposal to require that carriers desiring tariffs proposing rate decreases to be effective in seven days must be filed in separate transmittal. This requirement will ensure that a tariff filing proposing a rate decrease is given the shortest notice period possible under the 1996 Act. The Commission also adopted the requirement that carriers identify transmittals filed

pursuant to the streamlining provisions of the 1996 Act. All of the requirements would be used to ensure that local exchange carriers comply with their obligations under the Communications Act and that the Commission be able to ensure compliance within the streamlined timeframes established by the 1996 Act.

3. The Commission determined in the Report and Order that a program for the electronic filing of tariff transmittals and associated documents will facilitate the tariff review process. It delegated authority to the Chief, Wireline Competition Bureau to develop the specifics for developing the program. A program for the electronic filing will afford filing carriers and interested parties instant notification of and access to tariffs. The Commission found that requiring the electronic filing of tariffs and associated documents will facilitate the tariff review process under the shortened tariff review period.

4. There is no duplication of information. Each of the information collection requirements adopted in the Report and Order will result in either information filed electronically rather than on paper, or that information, such as the TRP reports, will be filed on a different date than previously required, or in a different format, such as the separate filing of tariffs containing only a proposed rate decrease. The requirement that carriers include a statement in the tariff transmittal letter indicating whether the tariff is being filed on a streamlined basis will not duplicate information contained in the transmittal. The requirement that carriers maintain records pertaining to protective orders is not a duplication of information.

5. The collection of information will affect large and small entities. We have considered the alternative of not requiring the LECs to submit the information noted above. We believe, however, that these requirements would not impose a significant burden on carriers and the minimal burden resulting from these proposals is outweighed by the Commission's need to fulfill its statutory duties.

6. Failing to collect the information, or collecting it less frequently, would make it difficult for the Commission to assure that the rates, terms, and conditions of service are just and reasonable under Section 201(b) of the Act, and not unreasonably discriminatory under Section 202(a) the Act. 47 U.S.C. §§ 201-203.

7. The Commission concluded in the Report and Order that all LEC tariffs are eligible for streamlined treatment. Therefore, the frequency that carriers file tariffs under the new streamlining rules, and the actions taken by interested parties against these tariffs, may result in carriers being required to report information to the FCC more often than quarterly. See the reporting requirements in item 1b and 1e of this Supporting Statement.

8. Pursuant to 5 CFR 1320.8, the Commission published a 60 day notice in the Federal Register. See 71 FR 38398, dated July 6, 2006. No comments were received. A copy of the notice is included in this submission.

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

10. The Commission is not requesting respondents to submit confidential information with tariffs eligible for streamlined regulation. If the Commission requests respondents to submit information which the respondents believe are confidential, respondents may request confidential treatment of such information under Section 0.459 of the Commission's rules. In the case where such requests are making in the course of a tariff filing that is eligible for streamlined treatment, the Commission will routinely impose a standard protective order. A standard protective order to be used in streamlined tariff proceedings is attached to the Report and Order. These protective orders are necessary because the Commission would be unable to resolve within the seven and fifteen day notice period the controversy that arises when a carrier requests confidential treatment of cost data filed with tariff transmittals. In addition, a party can also file a Freedom of Information Act (FOIA) request to gain access to the documents and the notice period does not afford the Commission adequate time to fully resolve these requests.

11. There are no questions of a sensitive nature with respect to the information collected.

12. The following represents the estimates of hour burden of the collection of information:

a. Electronic filing requirement:

(1) Number of respondents Approximately 67.

(2) Frequency of respondent On occasion reporting requirement. This obligation will occur any time a LEC files a tariff.

(3) Annual hour burden per respondent 55.9 hours per year per respondent. Total annual burden: **3,745 hours**.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information \$300,000

(5) Explanation of calculation We estimate that approximately 67 LECs will file 750 filings electronically. We estimate that it would take approximately five hours any time a LEC is required to file electronically.  $750$  (number of filings)  $\times$   $5$  (hours per filing)  $\times$   $\$80$  per hour =  $\$300,000$ .

b. Requirement that carriers desiring tariffs proposing rate decreases to be effective in seven days must be in separate transmittals:

(1) Number of respondents 10.

(2) Frequency of response On occasion reporting requirement. LECs rarely file just a decrease in rates, one time annually.

(3) Annual hour burden per respondent 5 hours. Total annual burden: **50 hours**.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information \$3,200.

(5) Explanation of calculation We estimate that approximately 10 LECs will be required to file separate transmittal to ensure that rate decreases became effective in seven days. We estimate that it would take approximately five hours any time a LEC is required to comply with this requirement. 10 LECs (number of respondents) x 1 (number of annual notifications) x 5 (hours per filing) x \$80 per hour = \$4,000

c. Requirement that carriers identify transmittals filed pursuant to the streamlined provisions of the 1996 Act:

(1) Number of respondents 67.

(2) Frequency of response On occasion reporting requirement. This obligation will occur any time an ILEC files a tariff pursuant to section 204 (a)(3).

(3) Annual hour burden per respondent  $69/67 = 1$  hour per year per respondent. Total annual burden is 168 hours ( $675 \times .25$ ) = **168 hours**.

(4) Total estimate of annualized cost to respondents for the hour burden for collection of information \$13,500.

(5) Explanation of calculation We estimate that 67 LECs are required to file electronically and it will take 15 minutes per filing. We estimate that 90% of the total filings will bear this notation;  $.9 \times 750 = 675$  filings.  $675$  (number of filings) x  $.25$  (hours per filing) x \$80 per hour = \$13,500.

d. Requirement that price cap LECs file their Tariff Review Plans prior to filing their annual access tariffs:

Because the price cap LECs currently file TRPs at the same time that they filed their annual access tariffs, the filing of TRPs is a customary and usual business practice. Therefore, our decision to require the price cap LECs to file their TRP prior to filing their annual access tariffs will not impose an additional economic burden on the LECs. (The TRP is approved by OMB. See OMB control number 3060-0400. The attached Order does not change the substance of those filing only the submission of certain data now required by the TRP).

e. Petitions and Replies:

(1) Number of respondents: approximately 10 (5 petitioners and 5 carriers filing replies).

(2) Frequency of response: On occasion reporting requirement and third party disclosure requirement.

(3) Annual hour burden per respondent: 6 hours. Total annual burden: **60 hours**.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$4,800.

(5) Explanation of calculation: We estimate that approximately 10 respondents will file petitions and replies on tariffs filed. We estimate that it would take approximately 6 hours to comply with the requirement. 10 respondents x 1 (number of annual filings) x 6 (hours per filing) x \$80 per hour = \$4,800.

f. Protective Standard Order Requirement – Reporting and Recordkeeping Requirement:

(1) Number of respondents: approximately 5.

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

(3) Annual hour burden per respondent: 1 hour. Total annual burden: **5 hours**.

(4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$400.

(5) Explanation of calculation: We estimate that approximately 5 respondents will file electronically. We estimate that it would take approximately 1 hour to comply with the requirement. 5 respondents x 1 (hour for compliance) x \$80 per hour = \$400.

**Total Annual Burden Hours = 3,745 + 50 + 168 + 60 + 5 = 4,028 hours.**

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

a. For the purposes of filing tariffs electronically, LECs may want to invest in a stand-alone personal computer and modem. We estimate that the LECs' capital expenditures for a dedicated personal computer and modem would be approximately \$3,000 (annualized at \$600 for 5 years). Thus total cost is **\$201,000** (\$3,000 x 67).

b. In addition, we estimate that annual operation and maintenance fees for the additional personal computer and modem would be approximately \$500. Carriers filing tariffs are subject to the Commission's filing fees of \$720 per filing. Thus total annual operation and maintenance fees is \$573,500 (\$500 (computers) x 67 carriers = \$33,500) + (750 (filings) x \$720 (filing fee) = \$540,000. Total annualized cost is **\$573,500**

**Total respondent burden is: \$201,000 + \$573,500 = \$774,500 which has been rounded to \$775,000.**

14. Except for the electronic filing requirements for LEC tariffs, there will be few if any additional costs to the Commission. The information collection requirements will result in a savings of Commission resources that are currently used to review LEC tariff filings. The following represent the Commission's estimates of the annual costs to the federal government as a result of the requirements:

a. Electronic filing requirement:

Annual maintenance costs will be approximately \$50,000. The Commission anticipates that the electronic filing program will result in a savings of staff time and Commission costs because it will provide the staff with instant access to all tariffs and related documents.

b. Requirement that carriers desiring tariffs proposing rate decreases to be effective in seven days must be filed in separate transmittals: No additional costs anticipated.

c. Requirement that carriers identify transmittals filed pursuant to the streamlined provisions of the 1996 Act: No additional costs anticipated.

d. Requirement that price cap carriers file their tariff review plans prior to filing their annual access tariffs: No additional costs anticipated.

e. Petitions and Replies: No additional costs anticipated.

f. Protective Standard Order Requirements: No additional costs anticipated.

15. A change in burden is requested for the total annual costs (O&M) to accurately reflect the increase in the filing fee from \$695 to \$720 per filing. The burden hours estimated for the requirements have been changed to 4,028 burden hours per year for reporting purposes. Many LECs have chosen to participate in group filings for the tariffs. For instance, NECA files for approximately 900 LECs. This has drastically reduced the number of respondents for this collection and has also significantly reduced the reporting and recordkeeping cost burden.

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

17. Not applicable. No request is being made not to display the expiration date of OMB approval of the information collection. The Commission does not specify the retention period for the recordkeeping requirements.

18. An adjustment is requested to properly reflect the increase in filing fees from \$695 to \$720 per filing fee. The hourly burden for the requirements has been adjusted to 4,028 burden hours per year due to a recalculation of the estimates for each of the reporting requirements.

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

The Commission does not anticipate that the collection of information will employ statistical methods.