

B. Collections of Information Employing Statistical Methods:

1. This collection employs a statistical method in order to reduce the public burden. The universe of respondents is ETCs receiving Lifeline/Link Up support in federal default states.

The *Lifeline Order* requires certain ETCs to verify annually that a statistically valid sample of their Lifeline recipients receiving support continue to be eligible under the federal eligibility criteria. The *Lifeline Order*'s requirement applies only to those ETCs with Lifeline customers from federal default states. A federal default state is a state or territory that either (1) has adopted the federal eligibility criteria for Lifeline/Link Up, or (2) does not have its own state-based Lifeline/Link Up program.

Federal default states and territories include: American Samoa, Delaware, Hawaii, Iowa, Indiana, Louisiana, New Hampshire, North Dakota, Northern Mariana Islands, and South Dakota. There are currently 388 ETCs in these states and territories. The total number of subscribers in these states and territories is approximately 250,000. The Commission anticipates that the number of ETCs and subscribers will continue to increase over time.

Because the *Lifeline Order* requires ETCs to submit the results of their sampling, we estimate that the response rate will exceed 95%.

2. Each year, ETCs in federal default states are required to verify the continued eligibility of a statistically valid sample of their Lifeline customers. The size of the statistically valid sample varies based on the number of Lifeline subscribers (N) and the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service (P).

For ETCs with 400,000 Lifeline subscribers or less, the appropriate sample size is calculated pursuant to the following formula: $\text{sample size} = N / (1 + \{[N-1]/n\})$. N is the number of Lifeline subscribers and $n = 2.706 * P * (1 - P) / .000625$, where P is the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service. We note that the values 2.706 and .000625 in this formula are mandated by OMB.

ETCs should use the results of samples from previous years to determine the estimated proportion (P) of subscribers inappropriately taking Lifeline service. In all instances, the estimated proportion (P) should never be less than .01 or more than .06.

To simplify the calculation for respondents, the *Lifeline Order* provides a table of sample sizes created using this formula. The table uses two variables N (number of Lifeline subscribers) and P (previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service). To determine the correct sample size, respondents select the box that matches its number of Lifeline subscribers N and the proportion P. If the exact values for N and P are not

listed on the table, ETCs are directed to round up to the nearest value on the table. The table is attached for clarity.

For example, if an ETC found in the prior year that 3.8 percent of its 9,500 Lifeline subscribers inappropriately took Lifeline service, the ETC would use a sample size of 164 (value using 10,000 customers and proportion .04). The ETC in this example would be required to sample 164 subscribers to verify the subscribers' continued eligibility under the federal eligibility criteria.

Because the adjustment for the number of Lifeline subscribers is *de minimis* above 400,000 subscribers, ETCs with more than 400,000 Lifeline subscribers must use a specific formula to calculate the sample size. For ETCs with more than 400,000 Lifeline subscribers, the ETC will determine a statistically valid sample size using the following formula:

$$\text{Sample Size} = 2.706 * P * (1 - P) / .000625.$$

P is the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service.

3. ETCs in federal default states with Lifeline subscribers are required by the Commission's rules to submit this information annually to USAC. The Administrator of the Universal Service mechanism will be able to determine which ETCs have not submitted the required information and will follow up by letter with those who have not responded.

4. The Administrator provides training information on how to calculate the sample on its website. The sampling formula relies on the prior year's actual results. Use of the prior year's results will further the Commission's goal of making sure that only eligible subscribers receive support.

5. Contact names and phone numbers. For the statistical aspects of the design, the contact is Suzanne Mendez, Wireline Competition Bureau, Federal Communications Commission, Suzanne.Mendez@fcc.gov. Her telephone number is (202) 418-0940.

For the collection of the completed samples, the contact is Pamela Gallant, Director, Low Income Programs, Universal Service Administrative Company, pgallant@usac.org. Her telephone number is (202) 776-0200.

Sample Size Table

Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Service (P) ¹										
(N) Number of Lifeline Subscribers	0.01	0.015	0.02	0.025	0.03	0.035	0.04	0.045	0.05	
400,000	43	64	85	106	126	146	166	186	206	
100,000²	43	64	85	105	126	146	166	186	206	
90,000	43	64	85	105	126	146	166	186	205	
70,000	43	64	85	105	126	146	166	186	205	
60,000	43	64	85	105	126	146	166	185	205	
30,000	43	64	85	105	125	146	165	185	204	
20,000	43	64	85	105	125	145	165	184	204	
15,000	43	64	84	105	125	145	164	184	203	
10,000	43	64	84	104	124	144	164	183	202	
9,000	43	64	84	104	124	144	163	182	201	
8,000	43	63	84	104	124	144	163	182	201	
7,000	43	63	84	104	124	143	162	181	200	
6,000	43	63	84	104	123	143	162	180	199	
5,000	43	63	83	103	123	142	161	179	198	
4,000	42	63	83	103	122	141	160	178	196	
3,000	42	63	83	102	121	139	158	175	193	
2,000	42	62	81	100	119	136	154	170	187	

¹

² Sample sizes for ETCs with less than 400,000 Lifeline subscribers are calculated pursuant to the following formula: $\text{sample size} = N / (1 + \{[N-1]/n\})$. N is the number of Lifeline subscribers. n is $(2.706 * P * (1 - P)) / .000625$, where P is the estimated percentage of Lifeline subscribers inappropriately taking Lifeline service. ETCs may choose to calculate their sample sizes using these formulas.

Sample Size Table

Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Service

(P) (N) Number of Lifeline Subscribers	0.01	0.015	0.02	0.025	0.03	0.035	0.04	0.045	0.05
1,500	42	61	80	99	116	133	150	166	181
1,000	41	60	78	96	112	128	142	157	171
900	41	60	78	95	111	126	140	154	168
800	41	59	77	94	109	124	138	151	164
700	41	59	76	92	107	121	134	147	159
600	40	58	74	90	104	118	130	142	154
500	40	57	73	88	101	113	125	136	146
400	39	55	70	84	96	107	118	127	136
300	38	53	66	79	89	98	107	115	122
200	36	49	60	70	78	85	91	97	102
150	34	45	54	62	69	74	79	83	87
120	32	42	50	57	62	66	70	73	76
100	30	39	46	52	56	60	63	65	68
90	29	38	44	49	53	56	59	61	63
80	28	36	41	46	49	52	54	56	58
70	27	34	39	42	45	48	49	51	52
60	25	31	35	39	41	43	44	46	47
50	23	28	32	34	36	37	39	40	40
40	21	25	27	29	31	32	32	33	34
35	20	23	25	27	28	28	29	30	30
30	18	21	22	24	24	25	26	26	26
25	16	18	19	20	21	21	22	22	22
20	14	15	16	17	17	18	18	18	18

Sample Size Table

Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Service

(P) (N) Number of Lifeline Subscribers	0.01	0.015	0.02	0.025	0.03	0.035	0.04	0.045	0.05
17	12	14	14	15	15	15	16	16	16
15	11	12	13	13	13	14	14	14	14
13	10	11	11	12	12	12	12	12	12
11	9	10	10	10	10	10	10	10	10
10	8	9	9	9	9	9	9	10	10
9	8	8	8	8	8	9	9	9	9
8	7	7	7	8	8	8	8	8	8
7	6	6	7	7	7	7	7	7	7

6	5	6	6	6	6	6	6	6	6
5	5	5	5	5	5	5	5	5	5
4	4	4	4	4	4	4	4	4	4
3	3	3	3	3	3	3	3	3	3
2	2	2	2	2	2	2	2	2	2
1	1	1	1	1	1	1	1	1	1