

## SUPPORTING STATEMENT

This collection is being submitted to the OMB to extend an existing collection. The Commission is reporting a 28,160 hour reduction to the total burden hours. This is due to fewer respondents and a recalculation of the estimates based on updated information.

### **A. Justification:**

1. *Circumstances that make collection necessary.* The Telecommunications Act of 1996 (1996 Act) directed the Commission to initiate a rulemaking to reform our system of universal service so that universal service is preserved and advanced as markets move toward competition. To fulfill that mandate, based on the recommendations of the Federal-State Joint Board on Universal Service, the Commission adopted a Report and Order in CC Docket No. 96-45 on May 7, 1997 to implement the congressional directives set out in section 254 of the Communications Act of 1934, as amended by the 1996 Act. In a Report and Order (released July 18, 1997), the Commission appointed the National Exchange Carrier Association, Inc. (NECA) the temporary administrator of the universal service support mechanisms, subject to its creating a separate subsidiary, the Universal Service Administrative Company (USAC), to administer the support programs. The Commission also directed NECA, as a condition of its appointment as temporary administrator, to create two unaffiliated corporations to administer portions of the schools and libraries and rural health care programs. NECA established the Schools and Libraries Corporation (SLC) and the Rural Health Care Corporation (RHCC).

In connection with supplemental appropriations legislation enacted on May 1, 1998, Congress directed the Commission to establish a single entity to administer federal universal service. In a May 8, 1998 Report to Congress, the Commission proposed that, by January 1, 1999, USAC would serve as the single entity responsible for administering all of the universal service support mechanisms including the schools and libraries and rural health care support mechanisms.

On November 20, 1998, the Commission released an Order<sup>1</sup> directing the merger of SLC and RHCC into USAC as the single entity responsible for administering the universal service support mechanisms as of January 1, 1999. The Order adopted rules that will govern USAC following the required merger.

Pursuant to 47 CFR Section 54.703 industry and non-industry groups may submit to the Commission for approval nominations for individuals to be appointed to the USAC Board of directors. See 47 CFR 54.703.

---

<sup>1</sup> In the Matter of changes to the Board of directors of the National Exchange Carrier Association, Inc. and Federal-State Joint Board on Universal Service, *Third Report and Order in CC Docket No. 97-21, Fourth Order on Reconsideration in CC Docket No. 97-21, and Eighth Order on Reconsideration in CC Docket No. 96-45*, FCC 98-306, released November 20, 1998. (*Order*).

The USAC Board currently consists of the following seventeen members: (i) three incumbent local exchange carrier representatives (one director representing the Bell Operating Companies and GTE, one director representing ILECs (other than the Bell Operating Companies) with annual operating revenues in excess of \$40 million, and one director representing ILECs (other than the Bell Operating Companies) with annual operating revenues of \$40 million or less); (ii) two interexchange carrier representatives (one director representing interexchange carriers with more than \$3 billion in annual operating revenues and one director representing interexchange carriers with annual operating revenues of \$3 billion or less); (iii) one commercial mobile radio service representative; (iv) one competitive local exchange carrier representative; (v) one cable operator representative; (vi) one information service provider representative; (vii) three school representatives; (viii) one library representative; (ix) one rural health care provider representative; (x) one low income consumer representative; (xi) one state telecommunications regulator; and (xii) one state consumer advocate representative.

47 CFR Sections 54.719-54.725 contain the procedures for Commission review of USAC decisions, including the general filing requirements pursuant to which parties must file requests for review. An affected party would be permitted to file a petition for Commission review with the Bureau within sixty days of an action taken by USAC. The appellant must state specifically its interest in the matter presented for review. The appellant also must provide the Commission with a full statement of relevant, material facts with supporting affidavits and documentation. In addition, the appellant must state concisely the question presented for review, with reference, where appropriate, to the relevant Commission rule, Commission order, or statutory provision. The appellant also must state the relief sought and the relevant statutory or regulatory provision pursuant to which such relief is sought. If an appellant alleges prohibited conduct by a third party, the appellant shall serve a copy of the appeal on such third party, who shall have an opportunity to file an opposition. Similarly, appellants shall serve on USAC a copy of the appeal of a USAC decision filed with the Commission. See 47 CFR Sections 54.719-54.725. The burden estimates reflect the approximate number of appeals currently being received by the Commission on an annual basis.

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.

The statutory authority for this collection is contained in: Sections 1-4, 201-205, 218-220, 254, 303(r), 403 and 405 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 201-205, 218-220, 254, 303(r), 403 and 405.

2. *Use of information.* The information is used by the Commission to select USAC's Board of Directors and to ensure that requests for review are filed properly with the Commission. The information requested is not otherwise available. Without such information, the Commission could not appoint a representative body to USAC's Board of Directors nor resolve requests for review and, therefore, could not fulfill its statutory responsibility in accordance with the Communications Act of 1934, as amended.

3. *Technological collection techniques.* At this time, the Commission is not considering the use of improved information technology. Nominations and appeals will be submitted manually with the Commission.

4. *Efforts to identify duplication.* Each industry and non-industry group is encouraged to reach a consensus and submit a single candidate for the USAC Board of Directors. Under the Commission's rules, any party affected by a decision issued by USAC will have the right to file a request for review with the Commission.

5. *Impact on small entities.* In conformance with the Paperwork Reduction Act of 1995, the Commission is making an effort to minimize the burden on all respondents, regardless of size. The Commission has limited the information requirements to that absolutely necessary for evaluating nominations and requests for review.

6. *Consequences if information is not collected.* Industry or non-industry groups are required to submit nominations to the Commission 60 days prior to the expiration of board members' terms. If a Board member vacates his or her seat before the end of the three-year term, the relevant industry or non-industry group will submit a replacement nominee to the Commission. Board members will be chosen by the Chairman of the Commission. The filing of requests for review is voluntary.

7. *Special circumstances.* Not applicable.

8. *Federal Register notice; efforts to consult with persons outside the Commission.* A 60 day notice was published in the Federal Register as required by 5 CFR 1320.8(d) on August 2, 2012 (77 FR 46092). No PRA comments were received.

9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payments or gifts to respondents. Some respondents, however, may receive universal service support payments based on the Commission's rules.

10. *Assurance of confidentiality.* The Commission is not requesting that respondents submit confidential information to the Commission.

11. *Questions of a sensitive nature.* This request does not address any private matters of a sensitive nature.

12. *Estimates of the hour burden of the collection to respondents.*

**a. Submission of Nominations for USAC's Board of Directors:**

i. Number of respondents: 12 different groups are required to submit 18 nominations.

ii. Frequency of response: Once per year. Parties must report nominations once per

year.

iii. Annual burden per respondent: 20 hours. The total annual hour burden is **240 hours**.

iv. Total estimate of annualized costs to respondents for the hour burdens for collection of information: \$14,640. Assuming that respondents use personnel comparable in pay and status of a senior level federal government employee, their cost is estimated to be \$61 per hour to comply with these requirements.

v. Explanation of calculation: We estimate that it will take twelve different industry and non-industry groups approximately 20 hours to determine a nominee. 12 (number of respondents) x 1 (number of submissions required per year) x 20 hours x \$61 per hour (including administrative staff time and overhead) = \$14,640. The estimates are provided by staff members who are most familiar with the requirements. The hour burden on respondents is not expected to vary widely because of differences in activity, size or complexity.

**b. Submissions of appeals:**

i. Number of respondents: Approximately 420.

ii. Frequency of response: Respondents are not required to file an appeal. Appeals are voluntary.

iii. Annual burden per respondent: 32 hours. The total annual hour burden is **13,440 hours**.

iv. Total estimate of annualized costs to respondents for the hour burdens for collection of information: \$819,840. Assuming that respondents use personnel comparable in pay and status of a senior level federal government employee, their cost is estimated to be \$61 per hour to comply with these requirements.

v. Explanation of calculation: We estimate that it will take 420 carriers approximately 32 hours to draft an appeal. 420 (number of respondents) x 32 hours x \$61 per hour (including administrative staff time and overhead) = \$819,840.

**Total number of respondents = 12 + 420 = 432 respondents/responses.**

**Total annual burden = 240 + 13,440 hours = 13,680 hours.**

13. *Estimates of the cost burden of the collection to respondents.* We estimate that there will be no capital or start-up costs for any of these requirements. We do not believe that these requirements will necessitate any additional equipment. We estimate that there will be no operation, maintenance, or purchase of services costs for these requirements.

14. *Estimates of the cost burden to the Commission.* The Commission estimates that the review of each nomination will require a Federal employee at level GS-13, step 5, including 30% overhead, costing \$40.00 per hour for three hours calculated as follows: \$40.00/hours x 3 hours x 18 nominations = \$2,160.

The Commission estimates that the review of each appeal will require a Federal employee at level GS-13, step 5, including 30% overhead, costing \$40.00 per hour for 80 hours calculated as follows: \$40.00/hours x 80 hours x 10 appeals = \$32,000.

15. *Program changes or adjustment.* The change in burden is due to fewer respondents based on updated information. Therefore the total annual burden has been reduced by 21,160 hours.

16. *Collections of information whose results will be published.* The Commission does not anticipate publishing the information collected.

17. *Display of expiration date for OMB approval of information collection.* Not applicable.

18. *Exceptions to the certification statement for Paperwork Reduction Act submissions (Item 19 of the OMB Form 83-1).* Not applicable.

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

No statistical methods are employed.