



November 4, 2016

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

**Re: Assessment and Collection of Regulatory Fees for Fiscal Year 2016
MD Docket No. 16-166**

Dear Ms. Dortch:

On Wednesday, November 2, 2016, the undersigned on behalf of NTCA–The Rural Broadband Association (NTCA) met with Mika Savir and Thomas Buckley to discuss the above-captioned proceeding. Roland Helvajian joined the meeting by telephone.

Consistent with its previously-filed comments in the proceeding (filed June 20, 2016), NTCA discussed its general support for proposals that would update the ITSP category to include wireless revenues. NTCA and Commission staff also discussed potential alternatives, including measures that would allocate Wireless Telecommunications Bureau (WTB) expenses to the Wireline Competition Bureau (WCB) based proportionally upon WTB FTE work on WCB dockets.

NTCA also noted that the *de minimis* exemption is exceptionally helpful for providers with limited staff whose attention is demanded by other vital functions of meeting customer, network, and regulatory demands. Reporting requirements alone can exact a substantial toll on staff resources.

To have a better understanding of the burdens placed upon its member companies by the numerous mandatory data requests these companies are subject to, NTCA conducted a survey¹ in March 2016 asking member companies about the resources they must devote on a regular basis to completing these requests. NTCA received responses from 149 member companies, representing a 24% response rate. Responding companies ranged from a low of one employee to a high of 678 employees. The average number of employees of responding companies was 40, and the median 20.

¹ NTCA Member Reporting Burden Survey, March 2016. Summary of survey results attached as an appendix to this letter.

Survey respondents reporting spending, on average, a total of 76 hours completing the FCC Form 477, submitted in March and September annually. For small providers with limited resources, this represents a significant commitment. Respondents also reported devoting, on average, 587 hours annually responding to all mandatory forms and data requests—the equivalent of more than 73 workdays per year.

Reporting burdens are of greater concern to small, rural providers as they have fewer resources to devote to such tasks, and time and energy dedicated to filling out forms is time and energy that could otherwise be devoted to the important job of serving customers.

Finally, NTCA and Commission staff discussed the growing import of broadband and broadband-enabled services on traditional regulatory structures. Citing the recent proceeding addressing broadband privacy² as an example, NTCA noted the changing regulatory environment and the need to ensure that administrative processes reflect the complexion of the marketplace. To underscore this principle, NTCA cited an observation of an academic who spoke to the challenge of measuring economic impacts of broadband: “Those old industrial measures are not measuring the *impact* of the digital economy, which means they are not measuring the *value* of that digital economy in rural areas – or anywhere, for that matter.”³ Similarly, NTCA observed that regulatory fee classifications may be considered for evolution as the market and its revenue structures evolve.

Pursuant to Section 1.1206(b) of the Commission’s Rules, this letter is filed for inclusion in the public record of the above-captioned proceeding.

Respectfully submitted,

/s/ Joshua Seidemann

Joshua Seidemann

Vice President of Policy

NTCA–The Rural Broadband Association

cc: Mika Savir
Thomas Buckley
Roland Helvajian

Attachment

² *Protecting the Privacy of Customers of Broadband and Other Telecommunications Services*, WC Docket No. 16-106.

³ Dr. Norman Jacknis, Senior Fellow, Intelligent Community Forum. See, “Beyond Rural Walls: A Scholars’ Conversation About Rural and Urban Spaces,” Foundation for Rural Service and Smart Rural Community, at 11 (2016) (emphasis added) (<http://www.ntca.org/images/stories/Documents/beyond%20rural%20walls-exerptsnb.pdf>) (last viewed Nov. 3, 2016, 16:18).



NTCA Member Reporting Burden Survey – Summary of Results

Telecommunications service providers are called upon to do more than merely provide high quality service to their customers. They are also compelled to expend precious resources to comply with “one-size-fits-all” reporting requirements and to respond to numerous, ongoing requests for quantitative information about their operations.

For small providers, such demands can present a particular problem. Smaller staffing levels mean that there are fewer resources available for responding to data requests. Any time spent responding to data requests means less time available for installing networks and serving customers.

The best way to accurately grasp the scope of the reporting burdens placed upon these providers is to ask them directly.

OVERVIEW OF THE SURVEY

In March of 2016, NTCA–The Rural Broadband Association, in cooperation with the Small Company Coalition (SCC), surveyed its members on the burdens imposed upon them by various data requests. NTCA is a national association of nearly 900 small businesses that provide service in rural portions of 44 states. All NTCA members are “rural telephone companies” as defined in the Communications Act of 1934, as amended. Despite their small size, NTCA members deliver high-quality communications services in the most sparsely-populated, highest-cost rural areas of the country, in the face of substantial economic challenges. NTCA’s membership includes both cooperatives and commercial operators. The SCC is an alliance of rural telecommunications companies formed to educate and empower small rural ILEC communications providers on methods to influence and eliminate harmful regulations and legislation.

SURVEY RESULTS

The survey URL was distributed via email to all of the NTCA member companies in NTCA’s database. The messages contained instructions for online access to the survey. Responses were received from 149 member companies, a 24% response rate.¹

There was a wide variation in the size of the responding companies, as measured by number of employees. Responding companies ranged from a low of 1 employee to a high of 678 employees. The average number of employees was 40, and the median 20.²

¹ Based on this sample size, results of this survey can be assumed to be accurate to within $\pm 7\%$ at the 95% confidence level.

² Across the results of this survey, there is some variation between the mean and median values. The mean is calculated as the numerical sum of all responses divided by the number of responses, while the median is the central value of all responses when arranged in numerical order. Because there are a small number of relatively larger companies responding, they exert some influence on the mean, which will thus tend to be greater than the

The results of the survey responses are presented in Table 1. Respondents were given a list of data forms and asked to provide the typical number of hours spent preparing their response to each. In addition, respondents were offered the opportunity to “write in” any other form which posed a significant burden. Only one was cited by a substantial number of respondents: the Telecommunications Reporting Worksheet, Form 499Q and 499A, by 29 respondents. It has been included in Table 1.

Table 1. Survey Respondents’ Reporting Burden by Form (Listed Chronologically)

| | Mean (hrs.) | Median (hrs.) | Minimum (hrs.) | Maximum (hrs.) |
|--|-------------|---------------|----------------|----------------|
| Form 502: Numbering Resource Utilization/ Forecast (Jan.) | 5 | 3 | 1 | 40 |
| Interstate Revenue Projections (Feb.) | 39 | 22 | 1 | 40 |
| Form 477 – Local Competition and Broadband Reporting (March) | 38 | 15 | 1 | 661 |
| ICC/CAF Data Collection (March) | 24 | 17 | 2 | 150 |
| Advance Services Data Request (April) | 12 | 8 | 1 | 120 |
| Rate of Return Carrier CAF ICC Support (June) | 12 | 8 | 2 | 120 |
| USF 16-1 High Loop Cost Data Collection (July) | 19 | 10 | 1 | 160 |
| Interstate Separations Cost Study (July) | 239 | 132 | 1 | 1550 |
| Annual ETC Reporting and Form 481 (July) | 60 | 35 | 2 | 520 |
| Form 502 – Numbering Resource Utilization/ Forecast (August) | 5 | 3 | 1 | 60 |
| Mandatory Customer Services Questionnaire (Aug.) | 12 | 5 | 1 | 100 |
| Form 477 – Location Competition and Broadband Reporting (Sept.) | 38 | 14 | 1 | 661 |
| Universal Support Use Certification (Oct.) | 4 | 2 | 1 | 40 |
| Lifeline Customer Recertification (Dec.) | 55 | 8 | 1 | 1845 |
| <i>Other (Selected by Respondents:</i> | | | | |
| Telecommunications Reporting Worksheet, Form 499Q & 499A (n = 29) | 25 | 15 | 4 | 200 |
| | | | | |
| TOTAL ANNUAL REPORTING BURDEN | 587 | 297 | ---- | ---- |

The average annual reporting burden for all forms is 587 hours, or more than 73 workdays per year.

median value. Conversely, the smaller median indicates that relatively more respondents are clustered toward the smaller end of the scale. In order to ensure that the substantial burdens on the larger companies are accounted for here, we will focus on the mean value of the responses to survey questions (though we report the median values, as well.)

ANALYSIS

While the various forms were provided to the respondents in chronological order (according to when during the course of the year they were required to be submitted), in analyzing this information it is more useful to rank the relative burden by mean total hours required. The relative burdens, listed in descending order, are as follows (FCC reports are in red and underlined; cost/industry submissions are in black):

1. Interstate Separations Cost Study (239 hours)
2. Form 477 (76 hours, consisting of 38 hours twice per year)
3. Form 481 (60 hours)
4. Lifeline Customer Recertification (55 hours)
5. Interstate Revenue Projections (39 hours)
6. Form 499 (25 hours)
7. ICC/CAF Data Collection (24 hours)
8. USF 16-1 High Cost Loop Data Collection (19 hours)
- 9t. Advanced Services Data Request (12 hours)
- 9t. Rate of Return Carrier CAF ICC Support (12 hours)
- 9t. Mandatory Customer Services Questionnaire (12 hours)
12. Form 502 NRUF (10 hours, consisting of 5 hours twice per year)
13. Universal Service Use Certification (4 hours)

The FCC provides the OMB with an estimate for the time required to complete many of its forms. Some pertinent examples of the relative burden estimated by the FCC compared to reporting burdens estimated by NTCA members include:

- Form 477 – The FCC estimates an average burden of 387 hours per response. The survey found 38 hours per response mean (349 hours below the FCC estimate.)
- Form 481 – The FCC estimates an average burden of 20 hours per response. The survey found 60 hours per response mean (40 hours above the FCC estimate.)
- Form 499 – The FCC estimates an average burden of 13.5 hours per response. Our survey found 25 hours per response mean (11.5 hours above the FCC estimate.)
- Form 502 – The FCC estimates an average burden of 44 hours per response. The survey found 5 hours per response mean (39 hours below the FCC estimate.)

There does not seem to be a discernable trend between the FCC estimate of reporting burden and the actual burden reported by our member companies. In some instances the FCC estimate is significantly less than the actual burden; in others, significantly more.

What can be seen is that compared to the rest of the industry, small carriers are materially less burdened by the 477 (the average industry time to reply is ten times that of survey respondents) and the 502 (industry average is nine times that of survey respondents.) Alternatively, survey respondents are much more burdened by the 481 (three times the industry average) and the 499 (almost double the industry average.)

In taking stock of the survey results, it is also worth noting that:

- The FCC reports represent just over 38% of the overall burden; while cost studies and similar submissions represent just under 62%.
- The top 5 reports--the 477, the 481, and the Lifeline recertification, along with the cost study and the interstate revenue projections--represent 80% of the burden all by themselves.

Finally, in assessing these results and considering next steps, it must be noted that the FCC has taken recent steps that could affect the relative burdens imposed by two of its forms.

First, as of 2017, what some have cited as the most burdensome portion of the 481--the 5-year plan and related information--will be eliminated and replaced with a going-forward duty to report on the geocoded locations of new builds/upgrades as deployed. (For those electing model-based support, there will be an additional requirement to geocode pre-existing service locations as well.) The FCC has also recently eliminated some of the paperwork processing (e.g., hard-copying and redundant filing) associated with the 481. While more review and clarity regarding the exact nature and impact of these changes is needed, it would seem that these changes could reduce 481 reporting burdens.

Second, the FCC has recently decided that Lifeline certifications/verification of customer eligibility will now be streamlined and centralized through a third-party database. Such a measure, depending again upon implementation details, could offer promise in reducing burdens.

It would appear important to understand better the scope and ultimate anticipated effect of these changes in considering to what degree further streamlining of FCC reporting requirements will help relieve the current reporting burdens placed on smaller carriers.