

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
	)	79 Fed. Reg. 37315
	)	OMB Control No. 3060-1081

**PAPERWORK REDUCTION ACT COMMENTS OF  
NTCA–THE RURAL BROADBAND ASSOCIATION**

NTCA–The Rural Broadband Association (“NTCA”)<sup>1</sup> hereby submits these comments in response to the Office of Management and Budget (“OMB”) Notice of Information Collection released on July 1, 2014.<sup>2</sup> The Notice seeks information on the Paperwork Reduction Act (“PRA”) burdens arising out of an information collection conducted pursuant to Section 54.202<sup>3</sup> of the rules of the Federal Communications Commission (“Commission”).

Pursuant to Section 54.202(a)(1)(ii) of the Commission’s rules, any carrier seeking designation by the Commission as an eligible telecommunications carrier (“ETC”) must file a five-year plan that “describes with specificity proposed improvements or upgrades to the applicant’s network throughout its proposed service area.”<sup>4</sup> Applicants are also required to

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<sup>1</sup> NTCA represents nearly 900 rural rate-of-return regulated telecommunications providers (“RLECs”). All of NTCA’s members are full service local exchange carriers and broadband providers, and many provide wireless, video, satellite, and/or long distance services as well.

<sup>2</sup> Information Collection(s) Being Reviewed by the Federal Communications Commission, Comments Requested, 79 Fed. Reg. 37315 (published Jul. 1, 2014) (“Notice”).

<sup>3</sup> 47 C.F.R. § 54.202.

<sup>4</sup> 47 C.F.R. § 54.202(a)(1)(ii).

“estimate the area and population that will be served as a result of the improvements.”<sup>5</sup> In 2011, the Commission adopted the *USF/ICC Transformation Order*,<sup>6</sup> which created Section 54.313.<sup>7</sup> This provision requires ETC recipients of high-cost universal service to file, annually, a progress report on five-year service quality improvement plans created pursuant to §54.202(a).

Thus, as an initial matter, it is important to make clear that while Section 54.202, by its plain terms, only applies to ETC designations made by the Commission (and not state commissions), the Commission in the *USF/ICC Transformation Order* extended this requirement to *all* ETCs.<sup>8</sup> As a result, a number of RLECs that had never been required to create and file five-year service quality improvement plans with the Commission are now subject to such a requirement.

In their current form, the five-year plan requirement and annual progress reports with respect to those plans impose certain burdens on the small business RLECs that NTCA represents that far outweigh the benefit (or in Paperwork Reduction Act parlance “practical utility”) to the Commission. As an initial matter, as noted above, most ETCs were not required by their state commissions to create five-year plans, meaning that most carriers have now had to

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<sup>5</sup> *Id.*

<sup>6</sup> *Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-Up*, WC Docket No. 03-109, *Universal Service – Mobility Fund*, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd. 17663 (2011) (“*USF/ICC Transformation Order*” or “*Transformation Order*”).

<sup>7</sup> 47 C.F.R. § 54.313.

<sup>8</sup> *USF/ICC Transformation Order*, ¶¶ 580 & 587.

create them from scratch. Although typical businesses of all sizes create planning documents in the normal course of business, the five-year plan as contemplated by the Commission's rules is another matter altogether. For one, because this is a newly created requirement, a large number of NTCA member companies most likely did not have existing documentation ready to file in the specific format required by the Commission. Thus, the initial preparation of a five-year plan required RLECs to gather a significant amount of information on the current state of their network facilities, as well as projected costs and demand for the five-year planning horizon. This information is necessary to meet the requirement to describe with specificity proposed improvements or upgrades to their networks *throughout* their proposed service areas (which can quite often encompass thousands of square miles) and estimate the area and population that will be served as a result of the improvements specified in the plan. Even in cases in which a given RLEC might have prepared some kind of five-year plan for internal purposes prior to the requirement being extended to all ETCs in 2011, content and format changes that resulted from the creation of FCC Form 481 (the filing containing the five-year plan, among other things) required substantial updates and amendments on the part of RLECs.

Moreover, it is critical to take into account the practical ability of RLECs to comply with these new requirements. Many RLECs are thinly staffed – the average NTCA member has approximately 25 total employees. Most, if not all, require the use of outside experts and consultants versed in the intricacies of federal filing requirements to complete this extensive data-gathering and planning exercise. At the same time, the same Order that expanded the five-year plan requirement also adopted reductions in the high-cost universal service support that is a critical component of RLECs' revenue streams. These reductions, along with the threat of additional reductions contained in a further notice of proposed rulemaking, has created

substantial uncertainty<sup>9</sup> as to RLECs' future revenue streams. This regulatory uncertainty, paired with the availability of fewer resources, made the preparation of brand-new five-year service quality improvement plans at the level of detail as discussed above much more difficult, resulting in five-year plans filled with a number of caveats based on RLECs' inability to project what service quality improvements may or may not be possible based on high-cost support that may or may not be available. While a *portion* of the support reductions adopted in 2011 have very recently been eliminated,<sup>10</sup> the other revenue reductions arising out of that order, together with the lingering threat of additional cuts and significant questions about whether existing mechanisms can be updated any time soon to accommodate increasing demand for broadband, all severely limit RLECs' ability to plan for the five year period contemplated by Section 54.202.

Pursuant to the PRA, practical utility “means the actual, not merely the theoretical or potential, usefulness of information to or for an agency, taking into account ... the agency’s ability to process the information it collects ... in a useful and timely fashion.”<sup>11</sup> Against the

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<sup>9</sup> In addition to statistical model caps on high-cost loop Universal Service Fund (“USF”) support, the *2011 USF/ICC Transformation Order* also eliminated Safety Net Additive, placed limits on reimbursement for corporate operations expenses, and began a multi-year phase-down of intercarrier compensation revenues. An accompanying further notice proposed additional measures such as reducing the authorized rate of return, placing limits on interstate common line support and eliminating support available to RLECs in areas where unsubsidized competitors provide service in only a portion of an RLEC study area. It was in the face of this uncertainty that these limits in support created and the threat of more to come that RLECs have been called upon to create five-year service quality improvement plans describing how they would plan to update their networks via a combination of USF distributions and end-user revenues.

<sup>10</sup> *Connect America Fund*, WC Docket No. 10-90, *Universal Service Reform – Mobility Fund*, WT Docket No. 10-208, *ETC Annual Reports and Certifications*, WC Docket No. 14-58, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54 (rel. June 10, 2014).

<sup>11</sup> 5 C.F.R. § 1320.3(l).

backdrop of uncertainty noted above, it is difficult to see how RLECs can have, and then provide in a five-year plan, a clear mid- to long-term picture with respect to what investment decisions may be made. As a result, many of these plans by necessity include substantial caveats and conditions with respect to their contents. This dynamic calls into question the “practical utility” of the information collection, and NTCA identifies below two specific ways in which this specific information collection as might be modified to reduce the burden and improve its practical utility.

First, the Section 54.313 progress reports that expanded the Section 54.202 five-year plan requirement only exacerbate the issues discussed above and further call into question whether the Commission correctly estimated the burden these provisions will impose on small businesses or even considered less burdensome alternatives. Specifically, as part of these five-year plan updates, each RLEC recipient of high-cost support must submit annual progress reports that include “maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity.”<sup>12</sup> This information must be submitted at the wire center or census block level. The mapping requirement is particularly burdensome for the small businesses that NTCA represents. As noted above, the vast majority of NTCA members lack the in-house expertise and software necessary to produce maps of sufficient granularity to satisfy this requirement. This, as with the creation of the initial five-year plan, requires the use of outside consultants, often at considerable expense.

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<sup>12</sup> 47 C.F.R. § 54.313(a)(1).

Moreover, the mapping component of the plan updates is redundant and unnecessary, as Form 481 already requires RLECs to provide a narrative description of service quality improvement projects at the wire center or census block level. A narrative description at such a level of granularity should be more than sufficient for the Commission to exercise its oversight responsibility as to whether universal service support is being used for its intended purposes while also limiting the burden on small businesses.

Such a less burdensome alternative is exactly the kind of measure contemplated by a June 2012 memorandum from the Executive Office of the President, discussing Executive Order 13610, which required federal agencies to eliminate unjustified regulatory requirements, including unnecessary reporting and paperwork burdens. In that memorandum, the Administrator of the Office of Information and Regulatory Affairs outlined several steps that federal agencies could take to reduce the paperwork and reporting burdens on small businesses. Among these were the use of short-form options for the collection of data and a directive to eliminate “redundant or unnecessary collections” by “streamlin[ing] existing collections (as, for example, by reducing the number of questions and increasing simplicity).”<sup>13</sup> As applied to the mapping requirement, the Commission could, for example, have chosen to simply forgo the mapping requirement and relied instead on the already required narrative description.

Second, because the “practical utility” of a five-year planning horizon is frustrated by regulatory uncertainty – in the form of still-pending reforms – that renders planning over such a period more difficult, if not impossible, the Commission could and should have considered utilizing a shorter time frame for purposes of the reports. For example, if the real objective of

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<sup>13</sup> Memorandum for the Heads of Executive Departments and Agencies, Executive Office of the President (released June 22, 2012) (“Reporting Burdens Memo”).

the reports is to obtain a “baseline” of investment progress to measure year-over-year and obtain some visibility into future plans, the Commission could have reduced the five-year planning cycle to three years (“current plus two”). Such a step would at once improve “practical utility” to some degree, while also reducing the burden of preparing two additional years of forecasted information.

Finally, it is important to note that the 54.202/54.313 reporting requirements discussed above only scratch the surface of the reporting requirements applicable to the small businesses that NTCA represents. To provide better context for relative burdens, attached is a “data reporting matrix” that includes the major *federal* reporting requirements applicable to RLECs. (RLECs are also subject to myriad state commission reporting requirements that vary state to state.) NTCA members report that these obligations are once again often met by the use of outside consultants (at considerable expense) and/or through the use of in-house staff with numerous other responsibilities (such as finance and accounting functions).

As discussed herein, the information collection imposes an unreasonable burden on the small businesses that NTCA represents. Moreover, the Commission’s burden estimate for preparation of five-year plans (and maps in particular) understates the time and effort required to complete required forms and certifications, and much of the information lacks practical utility. Under the circumstances, OMB should not approve the information collection in its present form.

Respectfully submitted,



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## REPORTING REQUIREMENTS MATRIX<sup>1</sup>

### January

FCC Form 655	Hearing Aid Compatibility (mobile)	2.5 hours	Report on the status of compliance with the FCC's hearing aid compatibility requirements by digital commercial mobile radio service ("CMRS") providers and manufacturers of devices used in the delivery of these services.
FCC Form 555	Annual Lifeline eligible certification	15 hours	Report on lifeline recipients, recertification, de-enrollment
FCC Form 497	Lifeline monthly worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
	CIC Utilization Report		CIC code access and utilization reported to NANPA
FCC Form 320	Cable TV Frequencies (cable)		Report of cable signal leakage
	Broadband Operating Report		

### February

FCC Form 499Q	Quarterly filing for USF Contributions	10.0 hours	Report of revenues
FCC Form 502	Numbering Resource Utilization	44.4 hours	Report on use of numbering resources
FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
SAI-2 (short form) or SIA 3 (long form)	Library of congress (cable)		Payment of copyright royalties – whether short or long form depends on revenues

<sup>1</sup> NOTE: Column three listing the hours to complete each form represents an estimate by the FCC. NTCA members often report that these estimates are incorrect, often underestimating the time necessary to complete.

**March**

FCC Form 477	Broadband Reporting	60 hours per state	Collects information about broadband connections to end user locations, wired and wireless local telephone services, and interconnected Voice over Internet Protocol (VoIP) services, in individual states.
	Customer Proprietary Network Information (CPNI) Annual Certification		Certification and statement of compliance with CPNI Rules
FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
RUS 479			
FCC Form 508	Interstate Common Line Support (ICLS) Mechanism Projected Annual Common Line Requirement Form	1.6 hours	Projected common line revenue requirement. Projected subscriber line charge (SLC) revenues. Projected transitional carrier common line charge revenues Projected special access surcharges Projected line port costs in excess of basic analog service.
	CAF-ICC Data Collection (NECA)		Data Collection for true-up and test year; certifications.
FCC Form 507	Line counts by customer class	5.32 hours	Filed quarterly if competitive ETC initiates service in RLEC area and reported line count to USAC must be filed to receive ICLS

**April**

FCC Form 499-A	Annual telecommunications reporting worksheet	13.5 hours	All telecommunications providers file report of all revenue for calendar year. Form is used to compute contributions to USF, LNP, NANPA and the TRS Fund
FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
FCC Form 473	Universal Service for Schools and Libraries provider annual certification	1.0 hours	Confirm invoices submitted by each service provider are in compliance with the FCC's rules

	Accessibility Recordkeeping Compliance Certification		Must show provider is in compliance with disability accessibility recordkeeping requirements and provide contact information to resolve complaints.
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**May**

FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
FCC Form 499Q	Quarterly filing for USF Contributions	10.0 hours	Report of revenues
	Section 64.1900 Compliance Filing		Annual filing for those that are doing their own toll. Certifies compliance with geographic rate average and rate integration rules
	Shapefile Study Area Boundary Submission		For ILECs submitting, not for those submitted by state commission
FCC Form 395	Employment Report	1 hour	Must reflect payroll information for one month in January, February or March

**June**

FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
	Annual ICLS Use Certification		
	Rate Floor filing		NECA filing

**July**

FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
FCC Form 481*	Five year plan	20 hours	Financial information, tribal engagement report
	Rate Floor Data		Certification

FCC Form 690	Mobility Fund Phase I Annual Report	18 hours	Recipients must file to assure compliance with rules for receiving support and report progress toward universal service goals
FCC Form 507	Line Counts by Customer Class	5.32 hours	Mandatory annual filing
	CIC Semi-Annual Report		Filed by holders of CIC codes to report access and usage information to NANPA

### August

FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
FCC Form 502	Number utilization report	44.4 hours	Semi-annual report of number usage
FCC Form 499Q	Quarterly filing for USF Contributions	10.0 hours	Report of revenues
	Regulatory fees (date varies year to year)		Annual filing of regulatory fees with FCC

### September

FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
FCC Form 477	Broadband Reporting	60 hours per state	Collects information about broadband connections to end user locations, wired and wireless local telephone services, and interconnected Voice over Internet Protocol (VoIP) services, in individual states.
FCC Form 507	Line counts by customer class	5.32 hours	Filed quarterly if CETC initiates service in ROR LEC area and reported line count to USAC

			must be filed to receive ICLS
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**October**

FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
	USF Use Certification		Certification that USF is being used for the intended purpose filed with USAC and FCC

**November**

FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
FCC Form 499Q	Quarterly filing for USF Contributions	10.0 hours	Report of revenues

**December**

FCC Form 497	Lifeline Monthly Worksheet	2.5 hours	Monthly worksheet and certification – number of subscribers, support for lifeline, toll limitation, tribal
FCC Form 509	Certification of ICLS true-up	2.73 Hours	actual results of operations that shows the ICLS results of operations for the preceding calendar year