

SUPPORTING STATEMENT FOR INFORMATION COLLECTION
14 CFR Parts 201, 204, 291

A. Justification

1. Explain the circumstances that make the collection of information necessary. Include identification of any legal or administrative requirements that necessitate the collection.

49 U.S.C. sections 41102, 41103, and 41738 require the Department of Transportation to determine the initial fitness of all applicants for authority to provide certificated passenger and cargo air service and commuter air service. 49 U.S.C. 41110(e) states that the fitness requirement for these air carriers is a continuous one. The Department can modify, suspend, or revoke an air carrier's authority if it is no longer fit to operate, or if it fails to file the reports needed to monitor its continuing fitness.

14 CFR sections 201.1, 204.3, 204.4, 204.5, 204.6, and 291.10 set forth the application procedures and specific information filing requirements for air carriers seeking certificate or commuter authority or the information required to be filed by existing airlines demonstrating their continuing fitness. The amount and type of data required varies depending on the circumstances of the application. Section 204.7 provides for revocation/termination of certificate or commuter authority if an air carrier does not operate for one year under any authority for which it was found fit. That rule further provides that, if an air carrier ceases operations, it must re-establish its fitness to operate before resuming operations.

DOT GOAL: DOT is responsible for ensuring the safety of air carriers requesting economic authority. Collection of this data provides the Department with a sufficient basis upon which to determine whether an applicant or operating U.S. air carrier is a U.S. citizen and has or continues to have the managerial competence necessary, the financial wherewithal, and the compliance disposition to conduct its proposed, current, or expanded operations.

2. Indicate how, by whom, and for what purposes the information is to be used.

Sections 201.1, 201.4, 291.10 contain the formal procedures to be followed by applicants in filing applications for certificate or commuter authority. The information specified in sections 204.3, 204.4, 204.5, and 204.6 is required to be submitted by applicants in support of their fitness to hold Department authority to provide air transportation services to the public. Fitness information includes data on the company's owners, officers, management, and other key personnel, including their citizenship, background and qualifications for their positions; the applicant's operating plan and source of funds to provide its proposed services; and the applicant's safety and compliance history.

The Department performs a unique and important function in its review of the fitness of air carriers. The existence of minimum standards for fitness is a primary deterrent for unsophisticated and potentially unfit companies that might otherwise commence operations to the detriment to the traveling public. As a result of the Department's efforts in establishing and monitoring the fitness of air carriers, a number of applicants for initial certificate or commuter authority have been found unfit and have withdrawn their applications in anticipation of an unfavorable finding, and previously certificated air carriers have made changes designed to strengthen their ability to provide air carrier services without posing an undue risk to the traveling and shipping public. If the collection of information was proscribed, it could create serious consumer problems by, for instance, permitting financially marginal air carriers or those with questionable compliance attitudes or inadequate managerial capabilities to institute and/or continue airline services.

Similarly, air carriers that cease operations often do so because of extreme financial difficulties or safety problems resulting in their being "grounded" by the Federal Aviation Administration. The requirements of section 204.7 that such air carriers establish that they continue to be fit before recommencing operations is to enable the Department to ensure that such air carriers will not provide unwarranted risk to the public.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

14 CFR Part 302 authorizes the filing of documents by electronic means. The new rule became effective on October 1, 1997. Presently, the Department electronically scans into its computerized Docket Management System (DMS) all paper documents filed in docketed proceedings. All orders issued by the Department are also electronically entered into the DMS. All of these documents may be accessed by the public through the Internet.

Moreover, the Office of the Secretary, the Federal Aviation Administration, and the National Transportation Safety Board maintain databases containing information on the type and status of an air carrier's authority, aircraft operated consumer complaints, enforcement history, and accident and incident reports. By making use of these information sources, we are able to reduce the information required to be supplied by applicants.

Further, applicants are submitting applications for new economic authority or the information required to be filed by existing airlines demonstrating their continuing fitness electronically through the DMS or through email directly to our office. Approximately 15 percent of the responses have been sent electronically because it

reduces the costs associated with printing and mailing the information through the postal service.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purpose(s) describe in Item 2 above.

On occasion, an air carrier holding authority may have filed fitness-related information with the Department in the recent past or in connection with another proceeding. When such information still accurately reflects its fitness, it may cite the date and place of such filings and thus avoid having to file duplicate information. If material previously filed by an air carrier is no longer accurate because, for example, its financial, managerial, ownership, or compliance situation has changed, we must require the air carrier to file updated information. In most cases, however, applicants for new authority have not filed information similar to that required in Part 204 with the Department of any other agency.

5. If the collection of information involves small business or other small entities, describe the methods used to minimize burden.

We have tried to simplify and assist small companies in the preparation of fitness application through the development and distribution of explanatory booklets which contain copies of the applicable regulations, sample application forms, and a narrative discussion of the type of information we look for in making fitness determinations and the form in which such information may be submitted. These booklets can save air carriers many hours in preparing applications.

6. Describe the consequence to federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The Department is required by statute to determine the fitness of anyone seeking to hold a license to provide air transportation. The collection of evidence of air carrier fitness is done on an occasional basis, only in connection with applications from companies seeking new air carrier authority or supporting their continuing fitness to hold such authority. Parts 201, 204, and 291 contain evidentiary rules that set forth specific information that needs to be filed in fitness cases. Without these rules, the burden of submitting an application would be substantially greater to the federal government and to the respondents since there would be no uniform rule detailing the information requirements. New applicants unfamiliar with past fitness cases would be at a loss to determine what to file and would likely file too little material, necessitating requests for further information from the Department's staff, resulting in delays in processing the application. In order to avoid these problems, potential applicants would seek personal assistance from Department staff on how to set up an application. This would be a tremendous drain on staff time, increasing the government's burden substantially.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner: requiring respondents to report information to the agency more often than quarterly; requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; requiring respondents to submit more than an original and two copies of any document; requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years; in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study; requiring the use of a statistical data classification that has not been reviewed and approved by OMB; that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

These collections are consistent with 5 CFR 1320.6.

8. Provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB.

The information collections were originally adopted, and subsequently modified several times, after public notice and period for comment in accordance with the requirements of administrative procedures. A notice (copy attached), pursuant to 5 CFR 1320.8(d), soliciting comments on the proposed extension of the information collections was published in the Federal Register on September 26, 2006, Vol. 71, No. 186 (Page 56213). No comments were received.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payments or gifts are provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

A motion requesting confidential treatment may be filed by respondents to these collections under section 302.12 of the Department's Procedural Regulations. Such motions are handled in accordance with the Freedom of Information act and the Department's past practices.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitude, religious beliefs, and other matters that are commonly considered private.

There are no sensitive questions.

12. Provide estimates of the hour burden of the collection of information, including:

Number of respondents: 94
 Number of responses: 215
 Frequency of response: on occasion
 Annual hour burden: 9,604
 Annualized cost to respondents: \$0

Explanation of how the burden was estimated.

We have estimated the number of annual respondents and responses (94 and 215, respectively) based on the average of the level of activity experienced during calendar years 2004 and 2005. Applicants file the required information only when applying for new air carrier authority or supporting their continuing fitness to hold such authority.

To calculate the total number of annual respondents, we summed the number of respondents for (1) initial/additional certificate or commuter authority which includes fitness evidence, (2) additional certificate authority with no fitness evidence required, and (3) review of continuing fitness in which evidence requirements vary.

	Initial/additional cert. or commuter authority (incl. fitness evidence)	+	Additional certificate authority (no evidence required)	+	Review of continuing fitness (evidence requirements vary)	=	Totals
Number of respondents	20		20		54		94

To calculate the total number of responses, we multiplied the number of annual respondents for each category by the average number of filings for each category. We then summed the totals for each category.

Number of applicants for Initial/additional cert. or commuter authority (incl. fitness evidence)	X	Filings Each	=	Total filings for Initial/additional cert. or commuter authority (incl. fitness evidence)
20		x 1		= 20

Number of applicants for Additional certificate authority (no evidence required)	X	Filings Each	=	Total filings for Additional certificate authority (no evidence required)
20	x	2.4	=	48

Number of applicants for Review of continuing fitness (evidence requirements vary)	X	Filings Each	=	Total filings for Review of continuing fitness (evidence requirements vary)
54	x	2.72	=	146.88

Total filings for Initial/additional cert. or commuter authority (incl. fitness evidence)	+	Total filings for Additional certificate authority (no evidence required)	+	Total filings for Review of continuing fitness (evidence requirements vary)	=	Total
20	+	48	+	146.88	=	215

To calculate the average number of filings each, we divided the total number of filings by the total number of respondents.

Total number of responses	/	Total number of respondents	=	Average number of filings
215	/	94	=	2.29

The annual burden on the applicant estimate is based on our acquired knowledge of the industry’s experience in preparing the various types of applications under Parts 201, 204, and 291. Assumptions made in arriving at these estimates include the following: (1) Not all applications require the filing of comparable amounts of, or even any, fitness data; and (2) the burden on the applicants is the minimum that a reasonable person would expect to supply only the information required; that is, optional expenses an applicant might incur for outside consultants or attorneys to assist in preparing an application are not considered.

The estimated total annual burden on 94 applicants of preparing and submitting 215 filings for certificate and commuter authority and continuing fitness reviews is 9,604 hours. To calculate the amount of hours, we multiplied the total number of filings per category by the number of hours it takes an applicant to prepare a filing. We then summed the totals for each category.

Total filings for Initial/additional cert. or commuter authority (incl. fitness evidence)	X	Number of hours to prepare filing for Initial/additional cert. or commuter authority (incl. fitness evidence)	=	Total hours for Initial/additional cert. or commuter authority (incl. fitness evidence)
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20	x	65	=	1300
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Total filings for Additional certificate authority (no evidence required)	X	Number of hours to prepare filing for Additional certificate authority (no evidence required)	=	Total hours for Additional certificate authority (no evidence required)
48	x	20	=	960
Total filings for Review of continuing fitness (evidence requirements vary)	X	Number of hours to prepare filing for Review of continuing fitness (evidence requirements vary)	=	Total hours for Review of continuing fitness (evidence requirements vary)
146.88	x	50	=	7344

Total hours for Initial/additional cert. or commuter authority (incl. fitness evidence)	+	Total hours for Additional certificate authority (no evidence required)	+	Total hours for Review of continuing fitness (evidence requirements vary)	=	Total
1300	+	960	+	7344	=	9604

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection.

- a. Total capital and start-up cost component – none
- b. Total operation and maintenance and purchase of services component – none

The fitness information to be provided by respondents, if not already available in the company’s own records, would need to be developed anyway as tools for monitoring its operations or for the requirements of suppliers, lessors, and lenders. Therefore, the burden should extend no further than collecting already existing material and putting in a form appropriate for filing with the Department.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include qualification of hours, operational expense, and any other expense that would not have been incurred without this collection of information.

The total annual estimated salary cost to the federal government for processing the estimated 215 applications is 11,237 hours and \$1,007,378. The average salary cost per hour for processing an application ranges from \$86 to \$120, depending on the type of application filed. This estimate is based upon the results of an analysis conducted by the Department of the direct and indirect costs involved with processing the type of filings covered by this burden estimate (see attached chart for a breakdown of burden estimate).

15. Explain reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

There are adjustment changes in Items 13 due to the increase in the number of applications/filings submitted in 2004 and 2005.

16. For collection of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Not applicable.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Not applicable.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

Not applicable.

- A. Collection of Information Employing Statistical Methods

Not applicable.