

SUPPORTING STATEMENT

A. Justification

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

The Secretary of Transportation is required by 49 U.S.C. §329(b)(1) to collect and disseminate information on the origins and destinations of airline passengers. A notice of proposed rule making (70 FR 8140, February 17, 2005) was published and the Department received diverse comments. Until such time as the Department can issue a final rule, the existing system for the collection of this data will remain in place to ensure compliance with statutory obligations. This information collection supports the following DOT goals: safety, mobility and security.

2. Indicate how, by whom, and for what purpose the information is to be used. Indicate the actual use the agency has made of the information received from the current collection.

All large U.S. certificated air carriers that operate scheduled passenger service must participate in the Passenger Origin-Destination Survey (O&D Survey). U.S. carriers that are excluded from participation in the Survey are all-cargo carriers, helicopter operators, charter carriers, small certificated air carriers and commuter air carriers. Generally, foreign carriers do not participate in the Survey; however, certain foreign carriers have been required to submit O&D data as a condition for granting them antitrust immunity for marketing/code-share agreements entered into with a U.S. air carrier. For example, the Department's grant of antitrust immunity to the United Air Lines/Lufthansa code-share agreement was conditioned, in part, on Lufthansa submitting O&D data.

Air carriers must report data on one percent of the flight coupons involving large domestic markets, which are defined as major city pairs with directional origin-destination passengers in excess of approximately 35,000 annual passengers. To ensure data reliability, all other markets are sampled at 10 percent. The 10 percent sampling is also needed in the large international markets because these markets are only partially sampled, as most foreign air carriers do not submit the Survey to the Department. Data for transportation on a foreign air carrier are included in the Survey when a passenger interlines onto a U.S. carrier and the passage on the foreign carrier is part of the lifted ticket itinerary of the sampled ticket.

The following items are reported from the applicable flight coupons:

1. Origin Airport
2. Operating carrier on each flight stage
3. Ticketed carrier on each flight stage
4. Fare-basis code on each flight coupon
5. Points of stopover or connection
6. Destination Airport
7. Number of passengers
8. Total dollar value of ticket

Despite the fact that carriers can sample at one percent in the largest domestic markets, all carriers have requested and received waivers from the stratified sampling procedures. In lieu of the stratification, the carriers sample at a straight 10-percent rate.

Because of widespread code-sharing operations, the Survey requires the reporting air carrier to identify both the operating and marketing air carriers. Code sharing is where one carrier operates a service under the name and marketing code of another air carrier. Congress urged the DOT to analyze more thoroughly the effects of international code sharing on air transportation and on U.S. air carriers. In the United States, regional carriers service is growing as major carriers are transferring more service to their code-share partners. This trend increased after the events of September 11, 2001, as air traffic decreased and carriers downsized their aircraft inventory in an effort to match supply with demand. Service to small communities can be affected by code sharing, creating a need for DOT to monitor the impact code-share services has on these communities.

Data from the Survey are used by the Department to fulfill its aviation mission as described below under separate captions.

DEPARTMENT OF TRANSPORTATION

International Air Service Program

The needs for Survey data are most critical in the Department's administering of its international aviation policy and programs. Without this data, the United States' negotiating position would be severely compromised. The Survey provides characteristics concerning those travelers flying on a U.S. carrier and those traveling on a foreign carrier that interlined with a U.S. carrier. Bilateral agreements are negotiated between the United States and Foreign countries. These agreements have many features including capacity controls, number of selected air carriers, identification of gateway cities, etc. Code-share rights between U.S. and foreign air carriers are included in many agreements. The Survey is used as a spur for new service by showing that there are

sufficient numbers of passengers moving between the United States and a particular country to warrant direct or additional service. The Survey supports new gateway destinations by showing that feed traffic from domestic interior points to existing gateways may flow better over a different gateway or a new gateway point. The Survey is an important data source for evaluating pricing articles in bilateral agreements by providing insight into volume of revenue traffic moving on specific fares and the yield for the communities of interest. Yield is passenger revenue per revenue passenger-mile. The Survey can be used to justify an increase in service in international markets that have capacity control restrictions by showing that passengers are forced to take circuitous routings between the points in question.

Carrier and Airport Selection

After a bilateral agreement is signed, the Department selects carrier and airport for all newly authorized services. The Survey is the primary tool for traffic forecasting and carrier or airport selections, because it displays the true origin and destination of passengers between the United States and the pertinent foreign country. This information is critical in assessing the potential for a particular carrier at a gateway point where domestic feed traffic is needed to make the international route a success. In reviewing an operating plan, the Department examines the carrier's revenue generation estimates by analyzing historic fare levels and projecting traffic patterns. Survey data are universally accepted as reliable; and are used as evidence in court and administrative proceedings with minimum of legal debate. The Department's regulations (14 CFR 302.24(g)(iv)) identifies Survey data as "officially noticed" data in proceedings before the Department.

War Air Service Program

In time of national emergency, the Survey is used to identify major and critical markets or minor markets, and to allocate U.S. air carrier resources.

Airport Programs

The airport planning program has a continuous need for Survey data to determine the impact of true origin-destination traffic flows on airports and to identify trends for growth and development in specific markets. The Survey is used for airport planning analysis by enabling the Department to keep current with market developments, such as the impact on particular airports of air carrier "hub and spoke" operations, and the impact of new or de-emphasized hubs and related operational realignments. Some hub airports might not be able sustain service if they relied only on passengers originating at those facilities – as opposed to the much larger number of passengers flowing through such airports. The Survey is needed to ascertain where these flow passengers originated, where they are

going, and the amount of revenue generated. The Department uses Survey data in its hub airport forecasting program. Reliable historic flow data are needed to accurately forecast passenger flows between city pairs for each hub airport. Once again, the Survey is needed to obtain data that are reliable enough to use in forecasting many of the smaller city pairs.

Aviation Policy and Plans Program

Survey data is a source for analyzing passenger demand in modeling studies that support development of the National Air Space System Plan. The Survey is a basic data source for responding to Congressional Inquiries and can be used for assessing policy proposals that purport to promote competition and the health of the industry, or enhance the strength and responsiveness of the air transportation system. Additionally, the Survey has been used in energy efficiency studies.

DEPARTMENT OF HOMELAND SECURITY

The Transportation Security Administration uses Survey data to assess the level of security personnel and equipment needed at the various airports. While the department's passenger enplanement data from Schedule T-100 has the number of passengers that departed from an airport; it does not give you the number of passengers originating their journey at that airport. Originating passengers must pass through security screening while connecting passengers have already passed through the screening area at their origin airport.

DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS

Survey data are used in the Consumer Price Index (CPI) calculations. Fare classifications data are used to establish the sample trips that are priced for airline fare components of the CPI.

DEPARTMENT OF COMMERCE'S BUREAU OF ECONOMIC ANALYSIS AND CENSUS

Survey data are used in estimating the Gross National Product, providing analyses of International Trade Accounts and compiling the Input-Output Tables of the United States.

INTERNATIONAL TRADE ADMINISTRATION'S OFFICE OF SERVICE INDUSTRIES

Survey data are used to help improve access to foreign markets for U.S. industries.

GENERAL ACCOUNTING OFFICE

Congress often requests GAO to conduct special studies on air transportations. The Survey is one of three BTS data bases used by GAO.

OTHER PARTIES THAT USE SURVEY DATA

Many state and local aeronautical agencies, airport commissions, aircraft manufacturers, and the air carriers all use Survey data.

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 submissions 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.

In developing the reporting requirements, we have attempted to ensure that the form and format of the data collection are designed to minimize the burden of the reporting carriers. Carriers must make an electronic data submission to BTS.

4. Describe efforts to identify duplication. Show specifically why similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

We have been studying the possible use of data from the air carrier reporting clearing house (ACRCH) as an alternative data source. The use of this data has the potential to greatly reduce carriers' reporting burden. However, while ACRCH's record format has all the information needed by DOT, most carriers do not fill in all the ACRCH data fields. Moreover, not all carriers participate in the clearing house.

We have examined other data sources, but found none that satisfied DOT needs. The International Passenger Data (IPD) collected by Homeland Security provides information on international traffic demand, but lacks pure domestic traffic data. Also, IPD does not include the price or total value of the ticket (fare plus taxes and user fees), the fare basis code (first class, business class or coach class) or the complete passenger itinerary with all participating carriers.

The Official Airline Guide Flight Schedules are extremely useful data, but flight schedules are different from actual passenger flow data. Flight schedules track the movements of aircraft. The Survey tracks the movements of passengers.

The United States Travel and Tourism Administration has conducted voluntary surveys on travel to Mexico and other international flights. These surveys suffered from poor participation response rates and poor coverage. Domestic operations and service to Canada were omitted from these surveys.

Various airport authorities and commission have conducted surveys on operations at their airports. Once again this is useful information, but the lack of universal coverage makes these surveys a poor replacement for DOT's Survey.

5. If the collection of information impacts small businesses or other small entities, describe efforts to minimize burden.

Small businesses are not required to submit Survey data.

6. Describe the consequence to the Federal Program or policy activities if the collection were not collected or conducted less frequently.

Less frequent data collection would seriously erode DOT's ability to monitor the condition of the air transport industry. The timeliness and frequency of data collection are critical in evaluating trends as well as monitoring individual carrier operations. The filing frequencies were chosen after careful analysis that balanced the degree of reporting burden against DOT's need for current data to oversee the air transportation industry.

The Department needs to retain quarterly reporting to meet critical program requirements for timely data on passenger itineraries and dollar amount of fares. For example, quarterly reporting is especially critical in the international program area that is concerned with tracking changes in traffic flows due to seasonality, carrier route changes, and carrier preference. In assessing the U.S. position in international negotiations, the latest information is needed. Old or stale data could compromise the U.S. position in sensitive negotiations. The dynamics of the air transportation industry requires that U.S. negotiators have the latest available information to protect U.S. interests.

If Survey data were no longer available, carriers would have to meet a myriad of reporting requirements that would be generated by the Department, other Federal Agencies, state and local agencies for the many programs needs that now rely on Survey data.

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, government contracts, grant-in-aid, or tax records for more than 3 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 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.**

There are no special circumstances that pertain to this data collection.

8. If applicable, 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. Summarize public comments received in response to the notice and describe actions taken by the agency in response to these comments.

Attached are copies of the sixty day Notice published on February 3, 2006 (71 FR 5904)

and the thirty day Notice published on May 1, 2006 (71 FR 25645). No comments were received.

Also, we have attached copies of reporting directives which assist air carriers in understanding the requirements of the Survey.

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

No payment or gift of any kind is being made to any respondents.

10. Describe any assurances of confidentiality provided to respondents.

International Survey data are restricted as set forth in 14 CFR section 241.19-7(d) of the Department's regulations. U.S. carriers' international data are restricted because comparable foreign data are not available. All requests for access to these data must be submitted in writing to the Department for approval and must meet the criteria established for the release of data. Basically, anyone given access to international Survey data can only use the data for internal purposes and cannot divulge the data to other parties.

11. Are there any questions of a sensitive nature?

There are no questions of a sensitive nature.

12. Provide estimates of reporting burden.

Number of Respondents	32
Frequency of Response	<u>4</u>
Annual Responses	128
Burden Per Response	<u>240</u> hours
Annual burden hours	30,720

13. Provide an estimate of cost to the respondents. Do not include the cost of any hour burden shown in items 12 and 14. General estimates should not include purchase of equipment or services or portions thereof made prior to October, 1995.

Most of the cost of this data collection are imbedded in the hourly burden of the carriers. These costs include staff and computer time. Previously, we estimated by the air carrier mainframe computer cost were at \$8,000,000.

14. Provide estimates of annualized cost to the Federal Government.

Federal Costs

Overhead & Miscellaneous Expenses	\$125,000
Manpower	\$125,000
ADP Resources	<u>\$ 75,000</u>
 Total Government Cost	 \$325,000

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

There were no program changes.

16. Is the information received published?

The Survey is a recurrent report for each calendar quarter. The Survey is due within 45 days after the end of the quarter. Abbreviated summaries of the data are generally published 6 months after receipt of the carriers' submissions.

Also, Survey data are available on BTS' searchable web site at <http://www.transtats.bts.gov>.

17. Is the agency seeking approval not to display the expiration date for OMB approval?

We are seeking OMB approval not to display the expiration date. There is no single questionnaire; the Survey is submitted on the air carriers' own electronic formats.

B. Collection of Information Employing Statistical Methods

1. Describe the Survey Procedures.

Participation in the survey is mandatory for all large U.S. certificated air carriers operating scheduled passenger service. Presently, there are 32 air carriers submitting Survey data. The Department requires sampling of one percent for the largest domestic markets and a 10 percent sample for all other markets. All reporting carriers have elected to submit a straight 10-percent sample. Carriers examine the flight coupons or their electronic records for flown trips for Survey reporting. The following coupons or flown trips are selected:

1. All single flight with a serial number ending in zero.
2. All group tickets with 11 or more passengers without regard to the serial number. For group tickets with 10 or less passengers select only those with a serial number ending in zero.

The selection of flight coupons or electronic records ending with a zero provides a simple method for airlines to select a systematic unbiased sample of 10 percent of the records. Flight coupon or electronic record numbers are generally generated randomly, thus this system avoids the introduction of any systematic bias in the results.

2. Description of procedures for the collection of information.

Air carriers shall select a statistically valid sample of records (either flight coupons or electronic records for flown trips) for reporting purposes. The sample shall consist of 10 percent of lifted flight coupons for all large domestic markets listed in the "Instructions to Air Carriers for Collecting and Reporting Passenger Origin- Destination Survey Statistics." Flight coupons are the source of the data to be collected, and the Survey data are taken from the first reportable flight coupon in a ticket lifted by one of the reporting air carriers. (In case of ticketless travel, carriers use their internal management control system for completed trips.) The complete passenger itinerary is recorded from that flight coupon as one entry. The recording of data from the flight coupon is a matter of transcribing the information just as indicated on the ticket. The detail record for each trip reveals the complete routing from the passenger's origin to destination, including in sequence from the origin point, each point of transfer or stopover (interline or intraline), the operating carrier, the ticketed carrier, and the fare-basis code for each flight-coupon stage of the itinerary, and the total dollar value for the entire ticket. The report to the Department is submitted on magnetic tape or floppy disks.

3. Describe the methods to maximize response rates, and describe how the Department deals with non-responses.

The Department contacts delinquency carriers when a report is late filed. The contact may be a telephone call or an email transmission. If this notice is ignored, then we send the carrier a warning letter requesting the data be sent within the next 5 business days. If the reports are not received within the 5-day period, the matter is referred to the Assistant General Counsel for Aviation Enforcement and Proceedings. DOT has the authority to fine carriers up to \$1,100 per day for each day that Survey report is late without just cause. Fines and penalties are used as a last resort. The airline industry has an outstanding record for complying with Survey reporting obligations. Occasionally, there may be a delayed response due to a carrier strike or bankruptcy. When a delayed response does occur, the Department will place a notice in the Survey output tape to alert

users that a carrier's data are not included because of the delay.

4. Describe any tests of procedures or methods undertaken.

Carriers reports are manually reviewed for conformance to instructions, traffic volumes and for various other relationships. Major problems discovered in this review or in later stages of processing are taken up with the carrier and resolved. Reported data are then subjected to a preliminary computerized pre-edit that detects input format problems. The pre-edit also automatically corrects certain obvious errors in the reported city/airport codes, such as the confusion of cities with the same name but in different states. In addition, the pre-edit consolidates the many detailed fare-basis codes reported into six broad categories: (1) Unrestricted First Class, (2) Restricted First Class, (3) Unrestricted Business Class, (4) Restricted Business Class, (5) Unrestricted Coach/Economy Class, and (6) Restricted Coach/Economy Class. In this consolidation, a fare-basis code that does not match in the ADP conversion matrix is automatically changed. Fare-basis codes reported on surface portions of itineraries are removed. Next, the data are passed through other electronic edits. Each entry is tested to remove duplicates of the same ticket reported by different carriers. Surface-transportation portions at the beginning or end of ticket itineraries are removed. Airport and carrier codes on each flight-coupon stage of the itinerary are tested for validity against the Official Airline Guide schedule tapes. The carrier on each coupon-stage is tested to determine if it serves the airport of the flight-coupon origin and destination. If the carrier on the coupon does not serve both points, either directly or indirectly, and if the entire ticket has but one flight coupon, the carrier code is automatically changed to that of the reporting carrier when the latter serves both points. If not, the record is dropped. For itineraries with more than one flight coupon, incorrect carrier codes are changed to the code of the monopoly carrier, *i.e.* the only carrier serving both points. If no monopoly carrier exists, the code is changed to UK (unknown carrier). All records that have been changed by the computer are re-edited.

The computer edit also removes duplication of the same flight-coupon stages reported in juxtaposition in the itinerary, and drops itineraries that have no destination reported. Single-coupon itineraries where the origin and destination are the same are dropped. For itineraries where the carrier(s) do not serve the reported intermediate points, the city is suspected as being misreported and the record is dropped. It should be noted that, except in rare circumstances, no manual corrections are being made to the reported data, and only those corrections that can be done automatically by computer are being accomplished. All records that fail the editing tests (after computer corrections, if any) are dropped from the data. The passenger volume on dropped records is a fraction of one percent of the total number of sample passengers reported by each carrier.

City-pair passengers from the Survey are normalized for comparison to the carrier's T-

100 traffic reports. Significant discrepancies are discussed with the relevant carrier for correction.

5. Provide the name and telephone number of individuals consulted on the statistical aspects of the design and the name of the agency unit, contractor grantee, or other persons who will actually collect and/or analyze the information for the agency.

Ms. Judy Schwrenk was contracted as an outside expert to provide assistance with statistical validity and Survey format. Ms. Schwrenk was a statistician at the Volpe National Transportation Systems Center in Cambridge, Massachusetts.

Mr. Ignatius Martins is the contact person for the Survey. He can be reached at (202) 366-0221.