

3060-0395

July 2008

The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05); and, the ARMIS Infrastructure Report (ARMIS Report 43-07)

Note: On April 24, 2008, the Commission granted AT&T's and BellSouth's petitions for forbearance from, among other things, certain ARMIS reporting requirements, conditioned upon Commission approval of an AT&T compliance plan describing how it will continue to fulfill its statutory and regulatory obligations and the conditions of the order. *See Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission's Cost Assignment Rules; Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission's Cost Assignment Rules*, FCC 08-120 (rel. April 24, 2008). As a result, upon approval of the compliance plan, AT&T and BellSouth no longer will be required to file ARMIS Report 43-04, and FCC Forms 492, 495A and 495B. Subsequently, on May 23, 2008, Verizon and Qwest requested that the Commission grant the same forbearance to them. The Commission sought comment on that request, with comments filed June 26, 2008, and replies filed July 7, 2008. *See Comment Dates Set On Request of Verizon and Qwest to Extend Forbearance Relief from Cost Assignment Rules*, DA 08-1361 (rel. June 6, 2008).

In addition, the Commission has before it two rulemaking proceeding and five additional ARMIS forbearance petitions that could affect the ongoing nature and associated burdens of the ARMIS reporting requirements. After these forbearance petitions are resolved by the Commission, which statutorily must occur prior to the April 1, 2009 filings of year end 2008 data, the Commission's decision(s) may reduce the ARMIS reporting requirements for certain entities. This submission is made pursuant to 44 USC 3507. Separate filings are or will be made for OMB control numbers 3060-0395, 3060-0410, 3060-0510, and 3060-0513.

SUPPORTING STATEMENT

A. Justification:

1. Section 220 of the Communications Act of 1934, as amended, 47 USC 220, allows the Commission, at its discretion, to prescribe the forms of any and all accounts, records and memoranda to be kept by carriers subject to this Act, including the accounts, records and memoranda of the movement of traffic, as well as the receipts and expenditures of moneys.

Section 219(b) of the Communications Act of 1934, as amended, 47 USC 219(b), authorizes the Commission by general or special orders to require any carrier subject to this Act to file monthly reports of earnings and expenses and to file periodical and/or special reports concerning any matters with respect to which the Commission is authorized or required by law to act. Section 43.21, 47 C.F.R. § 43.21, of the Commission's rules details that requirement.

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The Automated Reporting Management Information System (ARMIS) was implemented to facilitate the timely and efficient analysis of revenue requirements, rates of return and price caps; to provide an improved basis for audits and other oversight functions; and to enhance the Commission's ability to quantify the effects of alternative policy.

Section 11 of the Communications Act of 1934, as amended, 47 U.S.C. 161, requires the Commission, in every even-numbered year beginning in 1998, to review its regulations applicable to providers of telecommunications services to determine whether the regulations are no longer in the public interest due to meaningful economic competition between providers of such services and whether such regulations should be repealed or modified. Section 11 further instructs the Commission to repeal or modify any regulation it determines to be no longer in the public interest.

The Commission uses an indexed revenue threshold to determine which carriers are required to file the ARMIS reports. The revenue threshold is currently \$134 million.

A. FCC Report 43-02 - The ARMIS 43-02 Report contains company-wide data for each account specified in the Uniform System of Accounts ("USOA"). It provides the annual operating results of the carriers' activities for every account in the USOA.

In this collection, we are reducing the number of carriers filing this ARMIS report from 28 to 26 to reflect the sale of two respondents.

We are also increasing the burden hours to reflect the Commission's requirement in its Report and Order and Memorandum Opinion and Order [MOO] *Petition of AT&T's Inc. for Forbearance Under 47 U.S.C. § 160 (c) with Regard to Certain Dominant Carrier Regulations for In-Region Interexchange Services*, released August 31, 2007.

The Commission required AT&T, Qwest, and Verizon to include the imputation charges it debits to account 5280 accompanied by an explanatory footnote for each line item identifying the amount imputed in three ARMIS report filings. The MOO required this information in FCC Reports 43-01, ARMIS Annual Summary Report; 43-02, ARMIS USOA Report; and, 43-03, Joint Cost Report.

B. FCC Report 43-05 - The ARMIS 43-05 Report collects data at the study area level and holding company level and is designed to capture trends in service quality information in the areas of service quality under price cap regulation. It provides service quality information in the areas of interexchange access service installation and repair intervals, local service installation and repair intervals, trunk blockage and total switch downtime for price cap companies.

In this collection, we are reducing the number of respondents filing this ARMIS report from 15

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to 14 to reflect the spin-off of a carrier's landline business and its merger with another carrier.

C. FCC Report 43-07 - The ARMIS 43-07 Report is designed to capture trends in telephone industry infrastructure development under price cap regulation. It provides switch deployment and capabilities data.

There are no changes for this report.

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.

2. The information contained in the three reports provides the necessary detail to enable this Commission to fulfill its regulatory responsibilities. Automated reporting of these data greatly enhances the Commission's ability to process and analyze the extensive amounts of data it needs to administer its rules. ARMIS facilitates the timely and efficient analysis of revenue requirements, rates of return and price caps, and provides an improved basis for auditing and other oversight functions. It also enhances the Commission's ability to quantify the effects of policy proposals.
3. The Commission's Electronic ARMIS Filing System ("EAFS") provides on-line submission of carrier filings and provides a user-friendly, feature-rich database system from which users can extract ARMIS data in a variety of ways. Incumbent local exchange carriers [ILECs] are required to file their ARMIS Reports electronically through the Internet. Carriers and other interested parties can access ARMIS data from the Commission's EAFS Home Page at <http://www.fcc.gov/wcb/eafs>.
4. No duplication of the required data exists outside the agency. The Commission knows of no other existing information that would serve its regulatory purposes.
5. The collection of information does not involve small businesses or other small entities. There are two classes of ILECs for accounting purposes: Class A and Class B.

Carriers with annual revenues from regulated telecommunications operations equal to or above the indexed revenue threshold, currently \$134 million are classified as Class A; those falling below that threshold are considered Class B.

Class A carriers with annual revenues in excess of \$134 million but less than \$7.950 billion are classified as mid-sized and are permitted to maintain accounts at the Class B level. Only Class

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A carriers file ARMIS reports.

6. If the data in the FCC Reports 43-02, 43-05, and 43-07 which are filed once a year, were to be collected less frequently, the Commission would not be able to conduct its studies of these data in a timely manner.

The USOA Report (FCC Report 43-02) provides the annual operating results of the carriers' activities for every account in the USOA.

The Service Quality Report (FCC Report 43-05) provides service quality information in the areas of interexchange access service installation and repair intervals, local service installation and repair intervals, trunk blockage and total switch downtime for price cap companies.

The Infrastructure Report (FCC Report 43-07) provides switch deployment and capabilities data for mandatory price cap carriers. This information is also necessary to support the Commission's audit and other oversight functions. Subsequent submissions correcting previously filed data are to be filed as soon as the correction is identified.

7. Incumbent local exchange carriers file their data in electronic format as noted in item 3 above. Respondents seeking proprietary treatment of some data must provide an electronic copy using the established procedures.
8. A notice was published in the Federal Register as required by 5 C.F.R. §1320.8(d). See 73 FR 3248, dated January 17, 2008. Copy attached.

AT&T Inc. and Verizon Communications Inc. filed comments in response to this notice. A prior notice had also been published on this collection on December 2, 2004. See 69 FR 70145, dated December 2, 2004.

BellSouth Corporation (now merged with AT&T Inc.) and Qwest Corporation filed comments in response to earlier notice.

In general, the matters raised by AT&T, BellSouth, Qwest, and Verizon in their comments filed in response to these two notices are pending in the two rulemakings and the forbearance petitions discussed in the note above and will be resolved in those proceedings. In the meantime, the Commission seeks renewal of this collection as required by statute.

In addition, the Commission is cognizant of the commenters' arguments regarding burden, and the Commission has designed the report to minimize the burden on respondents. In particular, BellSouth and Qwest express general concerns regarding the accuracy of the Commission's

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burden estimates. However, neither carrier provides supporting information to corroborate its general suggestions that the burden is underestimated. Moreover, as noted in paragraph 1 and as detailed below, the Commission is updating its burden estimates here, in light of intervening developments. These updated calculations appropriately estimate the burden on carriers from complying with this requirement.

9. There will be no payments or gifts to respondents.
10. Ordinarily, these reports do not involve questions of a sensitive nature. The Commission contends that areas in which detailed information is required are fully subject to regulation and the issue of data being regarded as sensitive will arise in special circumstances only. The Commission has determined that certain data in FCC Report 43-07 are proprietary, and we have accorded confidential treatment to the respondents upon request.
11. The respondents are instructed on the appropriate procedures to follow to safeguard information deemed sensitive data. 47 C.F.R. § 0.459 contains procedures for requesting confidential treatment of data.
12. The following represents the estimate of the annual burden hours and the annual cost burden for the collection of information. We note that the burden hours imposed by the requirement is very difficult to quantify. The following represents our best estimate.
 - a. FCC Report 43-02 (reporting requirement):
 1. Number of respondents: 26

In this collection, we are revising the number of carriers filing this ARMIS report from 28 to 26 to reflect the sale of two respondents.
 2. Frequency of response: Annual reporting requirement.
 3. Total Number of Responses Annually: 26

26 carriers x 1 response/annum = 26
 4. Total Annual Burden Hours: 6,396 Hours

The Commission estimates that each carrier takes approximately 246 hours to comply with the requirement. This burden was increased to 246 from 244 to reflect the Commission's requirement that AT&T, Qwest, and Verizon include certain footnote requirement for debits to account 5280 and each line item identifying the amount imputed on three ARMIS reports

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26 carriers x 246 hours per filing = 6,396 hours

5. Estimated Industry Cost: \$223,860

The Commission estimates that it will take each carrier using staff equivalent to a GS 11/Step 5 Federal employee, plus 30% overhead, to comply with the requirement.

26 respondents x 1 filing x 246 hours per filing x \$35 per hour = \$223,860.

b. (1) FCC Report 43-05 (reporting requirement):

1. Number of respondents: 14

In this collection, we are revising the number of respondents filing this ARMIS report from 15 to 14 to reflect the spin-off of a carrier's landline business and its merger with another carrier.

2. Frequency of response: Annual reporting requirement.

3. Total Number of Respondents Annually: 14 responses

14 carriers x 1 response/annum = 14 responses

4. Total Annual Hourly Burden: 11,816 hours

The Commission estimates that each respondent takes approximately 844 hours to comply with the requirement.

14 carriers x 844 hours per filing = 11,816 hours.

5. Estimated Industry Cost: \$413, 569

The Commission estimates that it will take each carrier using staff equivalent to a GS 11/Step 5 Federal employee, plus 30% overhead, to comply with the requirement.

14 respondents x 1 filing x 844 hours per filing x \$35 per hour = \$413,569.

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b. (2) FCC Report 43-05 (recordkeeping requirement):

1. Number of respondents: 14

In this collection, we are revising the number of respondents filing this ARMIS report from 15 to 14 to reflect the spin-off of a carrier's landline business and its merger with another carrier.

2. Frequency of response: Recordkeeping requirement.

3. Total Number of Responses Annually: 14 responses

14 carriers x 1 response/annum = 14 responses

4. Total Annual Hourly Burden: 80 hours

The Commission estimates that each respondent takes approximately 5.7 hours to comply with the requirement.

14 carriers x 5.7 hours per filing = 80 hours.

5. Estimated Industry Cost: \$2,793

The Commission estimates that it will take each carrier using staff equivalent to a GS11/Step 5 Federal employee, plus 30% overhead, to comply with the requirement.

14 respondents x 1 filing x 5.7 hours per filing x \$35 per hour = \$2,793.

c. FCC Report 43-07 (reporting requirement):

1. Number of respondents: 7

There are no changes for this report.

2. Frequency of Response: Annual reporting requirement.

3. Total Number of Responses Annually: 7

7 carriers 1 response/annum = 7 responses

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4. Total Annual Hourly Burden: 1,176 Hours

The Commission estimates that each respondent takes approximately 168 hours to comply with the requirement.

7 carriers x 168 hours per filing = 1,176 hours

5. Estimated Industry Cost: \$41,160

The Commission estimates that it will take each carrier using staff equivalent to a GS11/Step 5 Federal employee, plus 30% overhead, to comply with the requirement.

7 respondents x 1 filing x 168 hours per filing x \$35 per hour = \$41,160.

Total Number of Respondents: 47

Total Number of Responses Annually: 26 + 14 + 14 + 7 = 61 responses.

Total Annual Hour Burden: 6,396 + 11,816 + 80 + 1,176 = 19,468 hours.

Total Estimated Industry Cost: \$223,860 + \$413,569 + \$2,793 + \$41,160 = \$681,373.00.

13. The following represents the Commission's estimate of the annual cost burden for respondents or recordkeepers resulting from the collection of information:

(a) Total capital and start-up cost component (annualized over its expected useful life): \$0.

The reporting requirement will not require the purchase of additional equipment.

(b) Total operation and maintenance and purchase of services component: \$0.

(c) Total annualized cost requested: \$0.00

14. Annualized cost to the Federal government for the entire ARMIS program has been estimated to be approximately \$646,788. This estimate was derived as follows:

Employee's Salaries Allocated to ARMIS	\$390,397
Benefits	\$ 78,079
Overhead	\$138,137
Office Space Dedicated to ARMIS	\$ 23,650

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(550 sq. ft. @ \$43 sq. ft.)

Equipment and Supplies \$ 13,400

(i.e., diskettes, file folders, computers
disk drives)

Filing Equipment \$ 3,125

Total Annual ARMIS Cost \$646,788

Of the total annual ARMIS cost of \$646,788, we estimate that \$257,004 is spent on the above ARMIS requirements. The cost for the 43-02 is \$198,010, the cost for the 43-05 is \$49,065, and the cost for the 43-07 is \$9,929. This estimate includes the necessary automation equipment, software, supplies and personnel to execute the automated reporting program.

15. The Commission notes that it has adjusted its estimate for the number of respondents to reflect the decrease in the number of respondents by three to reflect the latest filing information.

The Commission has also revised its estimate of the total annual hourly burden of this collection to 19,468 hours, a decrease of 1,286 hours from the 20,754 hours previously reported. Of this decrease, the Commission attributes an increase of 52 hours to the changes in the information collection requirements (program change) resulting from the release on August 31, 2007 of the *Report and Order and Memorandum and Order*, WC Docket No. 06-120, and a decrease of 1,338 hours (adjustment) resulting from the decrease in the number of respondents.

As a result of the release of the R&O and MO&O, the Commission is submitting this information collection as a “revision” rather than as an “extension.”

16. Data from these reports are placed on-line so as to provide a user-friendly, feature-rich database system from which users can extract ARMIS data in a variety of ways from the ten reports.
17. The Commission seeks continued approval not to display the expiration date of OMB approval. Display of the expiration date would not be in the public interest because the respondent data is filed electronically since the submission of paper and diskette copies is no longer required.
18. The Commission does not require carriers to retain copies of ARMIS 43-02, 43-05, and 43-07 for a specific period of time. Carriers are required by Section 42.4 of the Commission’s Rules (47 C.F.R. §42.4) to maintain a master index of records, to identify the retention period for each type of record listed in the master index, and to keep the records for the time specified by the carrier in the master list.

As a result of the release of the R&O and MO&O, as noted above, the Commission is submitting this information collection as a “revision” rather than as an “extension.”

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The Commission also notes the following changes since publication of the Federal Register Notice:

- (a) The number of responses annually is approximately 61 and not 47;
- (b) The estimated time per response is approximately 319.14 hours and not 1,264 hours; and
- (c) The total annual hour burden is approximately 19,468 hours and not 20,754 hours.

There are no other exceptions to the certification statement in item 19 of the Certification Statement.

B. Collections of Information Employing Statistical Methods:

The Commission does not anticipate that the collections of information will employ statistical methods.