

ARMIS Forecast of Investment Usage (FCC Report 495A) and the ARMIS Actual Usage of Investment Report (FCC Report 495B)

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 Communication 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 of 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 concerning any matters with respect to which the Commission is authorized or required by law to act. Section 43.21 of the Commission's rules, 47 C.F.R. § 43.21, detail that requirement.

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.

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The FCC Reports 495A and 495B are each filed once a year.

The 495A Report provides the forecast and resulting investment allocation incorporated in a carrier's cost support for its access tariff.

The 495B Report enables the Commission's staff to monitor actual and forecasted investment use. These data are also a part of the data 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.

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.

In this collection, we are revising the number of carriers filing study area level ARMIS reports from 97 to 70 to reflect three respondents that were sold and the Commission's MOO that allowed forbearance for the 24 AT&T study areas respondents from filing these ARMIS Reports.

The statutory authority for this collection is contained in Sections 11, 219(b), and 220 of the Communications Act of 1934, as amended, 47 U.S.C. 161, 219(b), and 220.

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 these two reports provides the necessary detail to enable this Commission to fulfill its regulatory responsibility. Automated reporting of these data greatly enhances the Commission's ability to process and analyze the extensive amount of data that are needed to administer its rules. These reports ensure that the regulated operation of the carriers do not subsidize the nonregulated operations of those same carriers.
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>.

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4. No duplication of the required data exists outside the agency. There is no known 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 \$8.181 billion are classified as mid-sized and are permitted to maintain accounts at the Class B level.

Only Class A carriers file ARMIS reports.

6. The FCC Reports 495A and 495B are each filed once a year. If the data were collected less frequently, the Commission would not have the data in a timely manner to perform its functions.

The FCC Report Forecast of Investment Usage (FCC Report 495A) provides the forecast and resulting investment allocations incorporated in a carrier's cost support for its access tariffs.

The FCC Report Actual Usage of Investment (FCC Report 495B) provides the actual investment and usage data for those cost categories that are allocated on the basis of a forward looking investment allocator. 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.

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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 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. The Commission has determined that certain data filed in FCC Reports 495A and 495B are proprietary and has 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 495A (reporting requirement):

1. Number of respondents: 70

In this collection, we are revising the number of carriers filing this ARMIS report from 97 to 70 to reflect the sale of three respondents and the forbearance that AT&T, including BellSouth, for 24 respondent study areas, from filing this report.

2. Frequency of response: Annual reporting requirement.
 3. Total Number of Responses Annually: 70
- 70 carriers x 1 response/annum = 70
4. Total Annual Burden Hours: 2,800 Hours

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The Commission estimates that each carrier takes approximately 40 hours to comply with the requirement.

70 carriers x 40 hours per filing = 2,800 hours

5. Estimated Industry Cost: \$98,000

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.

70 respondents x 1 filing x 40 hours per filing x \$35 per hour = \$98,000.

b. FCC 495B:

1. Number of respondents: 70

In this collection, we are revising the number of carriers filing this ARMIS report from 97 to 70 to reflect the sale of three respondents.

2. Frequency of response: Annual reporting requirement.

3. Total Number of Responses Annually: 70

70 carriers x 1 response/annum = 70

4. Total Annual Burden Hours: 2,800 Hours

The Commission estimates that each carrier takes approximately 40 hours to comply with the requirement.

70 carriers x 40 hours per filing = 2,800 hours

5. Estimated Industry Cost: \$98,000

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.

70 respondents x 1 filing x 40 hours per filing x \$35 per hour = \$98,000.

Total Number of Respondents: 70

Total Number of Responses Annually: 70 + 70 = 140

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Total Annual Hour Burden: 2,800 + 2,800 = **5,600 hours.**

Estimated Industry Cost: \$98,000 + \$98,000 = **\$196,000.00**

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

(a) Total capital and start-up costs (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 required: \$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 (550 sq. ft. @ \$43 sq. ft.)	\$ 23,650
Equipment and Supplies (i.e., diskettes, file folders, computers disk drives)	\$ 13,400
Filing Equipment	\$ 3,125
Total Annual ARMIS Cost	<u>\$646,788</u>

Of the total annual ARMIS cost of \$646,788, we estimate that \$50,225 is spent on FCC Reports 495A and 495B. This estimate includes the necessary automation equipment, software, supplies and personnel needed to execute the automated reporting program.

15. The annual burden for this collection is 5,600 hours. We are decreasing the number of respondents by 27, from 97 to 70 respondents, to reflect the sale of three carriers (adjustment) and the Commission's MOO that ordered forbearance for the 24 AT&T study areas respondents from filing these ARMIS Reports (program change). ARMIS reports enable the Commission to fulfill its regulatory responsibilities.

The adjustment and the program change have also decreased the total number of responses annually from 194 to 140, and the total annual hour burden from 7,760 hours to 5,600 hours, as noted above.

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The Commission is submitting this information collection as a “revision” due to release of the MOO on April 24, 2008, as noted above.

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 495A and 495B 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.

The Commission is submitting this information collection as a “revision” rather than as an “extension” as stated in the 60 day Federal Register Notice. This change is due to the release of the MOO on April 24, 2008.

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

- (a) The number of respondents is 70 and not 94;
- (b) The total number of responses annually is approximately 140 and not 188; and
- (c) The total annual hour burden is approximately 5,600 hours and not 7,520 hours.

There are no other exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods:

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