

**NARRATIVE SUPPORTING STATEMENT FOR  
46 CFR 520 – CARRIER AUTOMATED TARIFF SYSTEMS  
AND RELATED FORM FMC-1**

**A. Justification**

1. Section 8(a) of the Shipping Act of 1984 (1984 Act), as amended by the Ocean Shipping Reform Act of 1998 (OSRA), 46 U.S.C. 40501(a)-(e), requires ocean common carriers and conferences of such common carriers to publish and keep open to public inspection in automated tariff systems, tariffs showing all rates, charges, classifications, rules and practices between all points or ports on their own routes for transportation of cargo between the U.S. and foreign ports, and on any through transportation route that has been established. These tariffs are made available electronically to any person through appropriate access from remote locations, and a reasonable charge may be assessed for such access, except for Federal agencies. Prior to the implementation of OSRA on May 1, 1999, common carriers and conferences had to file their tariffs with the Commission in its Automated Tariff Filing and Information System (“ATFI”). The ATFI system was discontinued on April 30, 1999, at OSRA’s implementation. 46 CFR 520 established the requirements of the Commission’s current rules pertaining to the publishing of common carriers’ and conferences’ tariffs in private automated systems under OSRA.

Each common carrier and conference is required to notify the Bureau of Trade Analysis, prior to the commencement of common carrier service pursuant to a published tariff, of its organization name, organization number, home office address, name and telephone number of firm’s representative, the location of its tariffs, and the publisher, if any, used to maintain its tariffs, by electronically submitting Form FMC-1 via the Commission’s website.

The purpose of these regulations is to permit shippers and other members of the public to obtain reliable and accurate information concerning the rates and charges that will be assessed by common carriers and conferences for their transportation services and to help carriers and conferences meet their publication requirements under section 8(a) of the 1984 Act.

2. The Commission’s Bureau of Trade Analysis uses the information published in tariffs of common carriers and conferences to monitor their activities and to ensure the accessibility and accuracy of automated tariff systems as required by section 8(g) of the 1984 Act. In order to effectively carry out its duties, the Commission will use the information to protect the public from violations by carriers of section 10 of the 1984 Act. It also will allow the Commission to review and monitor the activities of controlled carriers pursuant to section 9 of the 1984 Act. If such information were not collected, the Commission would be precluded from carrying out its statutory and regulatory responsibilities.

3. When the Commission’s ATFI system was discontinued on April 30, 1999, carriers and conferences began publishing tariff data in private automated systems. It is intended that the shipping industry will continue to have access to accurate tariff information. Form FMC-1 is filed electronically with the agency.

4. Carriers and conferences, as part of their business practice, are required to keep tariff information available in their private publications. Since this information is no longer collected by the Commission, their systems are the only public repository where a complete copy of each carrier's and conference's tariff containing historical rates may be found.
5. This collection of information does not have a significant impact on small businesses or other small entities.
6. The publishing of tariffs is assigned a specific time frame by the agency; they are published on a continuing basis. If this information were not published as specified, the Commission would not be able to determine compliance with the statute and the Commission's regulations, and the shipping public using the data would not have reliable data.
7. This information collection does not (1) require respondents to report information to the agency more often than quarterly; (2) require written responses in fewer than 30 days; (3) require respondents to submit more than an original and two copies of any document; (4) include confidentiality pledges that are not supported by established statutory authority; or (5) require respondents to submit proprietary information without protecting such information to the full extent of the law. There is a five-year recordkeeping requirement that is consistent with the statute of limitation provisions in section 13(f) of the Shipping Act of 1984, 46 U.S.C. 41109.
8. The 60-day Federal Register Notice regarding this extension was published May 13, 2008, at 73 FR 27537. Respondents had 60 days to respond with their views regarding the collection of information; no comments were received.
9. Not applicable – The Commission does not provide any payments or gifts to respondents.
10. Tariff information is available to anyone who requests it, and there are no provisions for confidentiality.
11. There are no questions of a sensitive nature.
12. The Commission estimates the total respondent universe to be 4,200 and the total person-hour burden for the publication of tariffs, notification/filing requirements, and recordkeeping requirements to be 436,500 (see below). The Form FMC-1 is required before tariffs may be published. The Commission estimates an annualized cost to respondents for information collection as \$22,763,387. This includes overhead and benefits. (See Attachment 1.)

## TARIFF CONTENT REQUIREMENTS

<b>Requirement</b>	<b>Annual Respondents</b>	<b>Annual Instances</b>	<b>Average Person-Hour Per Response</b>	<b>Total Person-Hours</b>
Publish tariffs & keep open for public inspection	4,200 <sup>1</sup>	4,200,000	.1	420,000

[Disclosure/Third-party Requirements (included in above calculations)]

## NOTIFICATION/FILING REQUIREMENTS

<b>Requirement</b>	<b>Annual Respondents</b>	<b>Annual Instances</b>	<b>Average Person-Hour Per Response</b>	<b>Total Person-Hours</b>
Related Forms (Form FMC-1)	4,200	1,100	.5	550
Inform FMC in writing of certain occurrences, e.g., cancellations, new publishers, etc.	4,200	600	.5	300
File documents with FMC & certifications	4,200	1,100	.5	550

[Disclosure/Third-party Requirements (included in above calculations)]

## RECORDKEEPING REQUIREMENTS

<b>Requirement</b>	<b>Annual Respondents</b>	<b>Annual Instances</b>	<b>Average Person-Hour Per Response</b>	<b>Total Person-Hours</b>
Maintain data in tariff publication systems	4,200	5,300	2	10,600
Provide reasonable access to FMC	4,200	4,200	.5	2,100
Maintain shipper notices & shipment records for time/volume	4,200	1,200	2	2,400

**TOTALS FOR ALL REQUIREMENTS    4,213,500**

**436,500**

<sup>1</sup>Actual figure is 4,219.

13. The total annual cost burden to respondents or recordkeepers resulting from this collection of information is estimated to be \$901,600, a decrease of \$1,550,400 from the current OMB inventory, as explained below.

Since the enactment of OSRA, many carriers have consolidated operations, and some have streamlined the number of tariffs published. Additionally, the number of ocean transportation intermediaries/non-vessel operators has increased. These factors combine to bring the overall number of respondents to 4,200, an increase of 700 more than was reported in the 2005 OMB clearance package. Despite the increase in number of respondents, FMC believes the overall number of tariffs being published is unchanged, while some characteristics associated with tariff publishing have shifted.

To create current cost estimates for reporting and recordkeeping required by this information collection, we relied on the general IT industry assumption that annual cost for maintenance is approximately 20% of the amount of start-up costs. Further, we took the overall cost estimate from the current OMB inventory, broke it down to show start-up and maintenance cost allocations per respondent, made adjustments (based on general IT assumptions), added 10% to allow for general cost increases, and recalculated to derive current cost estimates.

Hence, given the previously estimated annual reporting and recordkeeping costs of \$2,452,000, which included start-up and operation and maintenance (O&M), \$1,961,600 (80% of \$2,452,000) was estimated as start-up costs, and \$490,400 (20% of \$2,452,000) was estimated as O&M. Further, per respondent (4,200 overall), we derived \$467 start-up costs and \$117 O&M.

For current costs, we used “per respondent” numbers, then added 10% to reflect general increase in costs to derive current per respondent start-up costs of \$514 (\$467 + \$47) and O&M costs of \$129 (\$117 + \$12). Further, to derive current total cost estimates, we multiplied 700 new respondents times \$514 per respondent start-up costs, which resulted in \$359,800, and multiplied 4,200 total respondents times \$129 per respondent O&M costs, which resulted in \$541,800. We added these start-up and O&M cost results to derive estimated total annualized costs of \$901,600 (\$359,800 + \$541,800). The cost estimates and person-hours include carriers and conferences that publish tariffs using independent tariff publishers.

The difference in cost estimates is \$1,550,400 (\$2,452,000 in the current OMB inventory less \$901,600 estimated current costs). The difference is substantial since only the 700 new respondents will be subject to start-up costs - usually the lion’s share of IT costs. All 4,200 respondents will be subject to O&M costs.

14. Total estimated costs to the Federal Government for this rule and form is 982 person-hours, at an estimated cost of \$66,153 (see Attachment 2).

15. The burden estimate has not changed, but the respondent universe has increased from 3,500 respondents to 4,200; therefore, the total number of annual hours requested is increased by 72,300 hours.

16. Not applicable – no information will be published.

17. Not applicable – The Commission is not seeking approval to exclude the display of the expiration date for OMB approval of this information collection.

18. Not applicable -- The Commission proposes no exception to the certification statement on OMB Form 83-I.

**B. Collections of Information Employing Statistical Methods**

This collection of information does not employ statistical methods.

**12. Estimated Burden and Costs, Including Overhead, to Respondents**

435,950 person-hours (reporting and recordkeeping requirements) + 550 person-hours (Form FMC-1) = 436,500 total person-hours

33% Pricing Manager (144,045 hours)

67% Tariff Publisher (292,455 hours)

The annual salary calculations have been formulated using the Federal Government’s January 2008 salary table (overhead of \$17.72 per hour and benefits of 23.69% per year have been added to the basic salary). The salary for the pricing manager was calculated using the salary of a GS 13/5 Senior Transportation Specialist, and the salary for the tariff publisher was calculated using the salary of a GS 6/5 Transportation Specialist.

Formula: Annual salary + (annual salary X benefits rate) = adjusted annual salary/2,080 + overhead = adjusted hourly salary

$\$94,025 + (94,025 \times 23.69\%) = \$116,300/2,080 = \$55.91 + \$17.72 = \$73.63 =$  Pricing Manager adjusted hourly salary

$\$40,111 + (40,111 \times 23.69\%) = \$49,613/2,080 = \$23.85 + \$17.72 = \$41.57 =$  Tariff Publisher adjusted hourly salary

<b>Employee</b>	<b>Hourly Salary</b>	<b>Number of Hours</b>	<b>Total</b>
Pricing Manager	\$73.63	144,045	\$10,606,033
Tariff Publisher	\$41.57	292,455	\$12,157,354
<b>TOTALS</b>		<b>436,500</b>	<b>\$22,763,387</b>

**14. Estimated Burden and Costs, Including Overhead, to Federal Government**

The annual salary calculations have been formulated using the Federal Government's January 2008 salary table (overhead of \$17.71 per hour and benefits of 23.69% per year have been added to the basic salary).

**Office Director** 14/1 – 166 hours

$\$98,033 + (98,033 \times 23.69\%) = \$121,257/2,080 = \$58.30 + \$17.72 = \$76.02$  adjusted hourly salary

**Transportation Specialists (4)** 12/9 – 650 hours

$\$88,372 + (88,372 \times 23.69\%) = \$109,307/2,080 = \$52.55 + \$17.72 = \$70.27$  adjusted hourly salary

**Information Processing Assistant** 7/9 – 166 hours

$\$49,814 + (49,814 \times 23.69\%) = \$61,615/2,080 = \$29.62 + \$17.72 = \$47.34$  adjusted hourly salary

<b>Employee</b>	<b>Hourly Salary</b>	<b>Number of Hours</b>	<b>Total</b>
Office Director	\$76.02	166	\$12,619
Transportation Specialists (4)	\$70.27	650	\$45,676
Information Processing Assistant	\$47.34	166	\$ 7,858
<b>TOTALS</b>		<b>982</b>	<b>\$66,153</b>

**Estimated cost to the Federal Government:        \$66,153**