

**NARRATIVE SUPPORTING STATEMENT FOR
46 CFR PART 530 – SERVICE CONTRACTS AND RELATED FORM FMC-83**

A. Justification

1. Section 8(c) of the Shipping Act of 1984 (1984 Act) (46 U.S.C. 40502), as amended by the Ocean Shipping Reform Act of 1998 (OSRA), requires ocean common carriers and agreements among such carriers to file their service contracts confidentially with the Commission and to publish certain essential terms of those service contracts. Service contracts are written contracts between one or more shippers or a shippers' association and an individual ocean common carrier or an agreement between or among ocean common carriers in which the shipper makes a commitment to provide a certain minimum quantity or portion of its cargo or freight revenue over a fixed period, and the ocean common carrier or the agreement commits to a certain rate or rate schedule as well as defined service level, such as assured space, transit time, port rotation, etc. Authority to file or delegate the authority to file must be requested by a responsible official of the service contract carrier in writing by submitting the Form FMC-83, Service Contract Registration.

2. The Commission uses the filed service contract data for monitoring and investigatory purposes and, in its proceedings, to adjudicate related statutory issues raised by private parties. For Commission proceedings, as well as in any court case, the service contract on file at the Commission and in effect is official evidence of the applicable rate, charge or rule, when so certified by the Commission. The collection of such information by the Commission is mandated by law.

3. The regulation created an electronic Internet-based system, SERVCON, to allow carriers and conferences to file their service contracts confidentially with the Commission. All carriers and conferences use the SERVCON system to file their service contracts electronically with the Commission. Before filing in SERVCON, each registrant must file a Form FMC-83, Service Contract Registration. Although the Commission anticipates electronic filing of Form FMC-83, it is not yet technically possible.

4. No duplication of effort is involved since similar information is not available from outside sources nor elsewhere in the Commission, and the only source of accurate information is the filing party to the service contract (respondent).

5. This collection of information does not have a significant impact on small businesses or other small entities.

6. The filing of service contracts is not assigned a specific time by the Commission; service contracts are filed as they are entered into by the parties. The 1984 Act, as amended by OSRA, requires the filing of service contracts. If records of service contracts were not produced as requested within the time period specified, the Commission would not have the information it requires to perform its statutory responsibilities.

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. While certain essential terms of service contracts must be made available to the public in tariff format (section 8(c)(3) of the 1984 Act as revised by OSRA), all service contracts and their amendments filed with the Commission are to be confidential (section 8(c)(2)).

11. There are no questions of a sensitive nature.

12. The Commission estimates the total respondent universe to be 143 and the total person-hour burden for the filing of service contracts, amendments, and notices to be 617,015 (see below). The Service Contract Registration, Form FMC-83, is required before filing of service contracts may be made. The Commission estimates an annualized cost to respondents for information collection as \$32,177,210. This includes overhead and benefits. (See Attachment 1.)

Requirement	Annual Respondents	Annual Instances	Average Person-Hours Per Response	Total Person-Hours
Service contracts/formats	143	306,684 ¹	1.5	460,026
Essential Terms Publication	143	306,684	.5	153,342
Notification/Filing Requirements	143	143	8	1,144
Form FMC-83	143	143	.5	71.5
Disclosure/Third Party	143	143	1	143
Recordkeeping/Audit Requirements	143	143	16	2,288
TOTALS		613,940		617,015

¹This number is based on fiscal year 2007 volume of service contracts (initial and amendments) filed with the Commission.

13. There are no additional cost burdens to respondents or recordkeepers other than those reported in item 12.

14. Total estimated costs to the Federal Government, including overhead and operational expenses, for this rule and form are 8,528 person-hours, at an estimated cost of \$575,984. Additionally, based on fiscal year 2007 costs, the Commission incurs \$22,000 annually in maintenance costs for the SERVCON system. We have allocated 75 percent, or \$16,500, to this information collection. Therefore, the total burden cost to the Federal Government totals approximately \$592,484 (see Attachment 2).

15. The burden estimate has not changed, but the number of filings has increased; therefore, the total number of annual hours requested is increased by 88,245 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

616,943 person-hours (reporting and recordkeeping requirements) + 72 person-hours (Form FMC-83) = 617,015 total person-hours

33% Pricing Manager (203,615 hours)

67% Tariff Publisher (413,400 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

Employee	Hourly Salary	Number of Hours	Total
Pricing Manager	\$73.63	203,615	\$14,992,172
Tariff Publisher	\$41.57	413,400	\$17,185,038
TOTALS		617,015	\$32,177,210

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 \$17.72 per hour and benefits of 23.69% per year have been added to the basic salary).

Office Director 14/1 – 1,355 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 – 5,818 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 – 1,355 hours

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

Employee	Hourly Salary	Number of Hours	Total
Office Director	\$76.02	1,355	\$103,007
Transportation Specialists (4)	\$70.27	5,818	\$408,831
Information Processing Assistant	\$47.34	1,355	\$ 64,146
TOTALS		8,528	\$575,984

Estimated person-hour cost to the Federal Government: \$575,984

Total Salary, Benefits, Overhead \$575,984
 Plus Cost of System Maintenance¹ \$ 16,500

Total Cost to Federal Government \$592,484

¹ Fiscal year 2007 costs for maintenance to SERVCON system were \$22,000; we have allocated 75 percent, or \$16,500, to this information collection.