

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSIONS

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

Change-of-gauge service is scheduled passenger service for which the operating airline uses one single flight number even though passengers do not travel in the same aircraft from origin to destination but must change planes at an intermediate stop. From an operational perspective, there are several kinds of change-of-gauge services. The simplest example is a one-flight-to-one flight service that uses the same flight number even though a plane change is required *en route*. Airlines also schedule more complex change-of-gauge services that involve aircraft changes between multiple flights on one side of the intermediate change point and one single flight on the other side. Change-of-gauge services with multiple origins and destinations are called “Y” (i.e., two-for-one) routings, depending on the shape of the routes. They are also popularly referred to as “funnel flights.” As with one-for-one change-of-gauge services, the airline assigns a single flight number for the passenger’s entire itinerary even though the passenger changes planes, but in addition, the single flight to and from the intermediate change point itself has multiple numbers: one for each segment with which it connects and one for the local market in which it operates.

As an example, an airline might operate three flights to London from three European cities: flight #100 from Frankfurt, flight #200 from Paris and flight #300 from Rome. In London, passengers from all three flights board a single aircraft bound for New York. The London-New York flight would carry all three flight numbers (#100, #200 and #300) plus its own flight number (#400). Published schedules and computer reservations systems (CRSs) would show direct or through flights from Frankfurt, Paris and Rome, as well as the nonstop flight between London and New York.

Change-of-gauge services reflect a long-established practice in transportation. The term itself originated with the railroads when passengers had to change trains due to the differences in the size of tracks. These services have been used in air transportation for many years as well. In 1972, the Civil Aeronautics Board rejected the contention that change-of-gauge services were an unfair or deceptive practice or an unfair method of competition, as long as notice was given, and it changed its rules to accommodate change-of-gauge flights.

The Department recognizes various public benefits that can flow from change-of-gauge services. These include a lowered likelihood of missed connections, lower fares,

increased scope and frequency of service, increased competition and maximum utilization of U.S. carriers' rights under international bilateral agreements. The Department also believes that the benefits include our ability to review regulated international air fares. However, although change-of-gauge flights can offer valuable consumer and governmental benefits, they can be confusing and misleading unless consumers are given reasonable and timely notice that they will be required to change planes during their journeys.

Also, Section 41712 of Title 49 of the U.S. Code authorizes the Department to decide if a U.S. air carrier or foreign air carrier or ticket agent (including travel agents) have engaged in unfair or deceptive practices and to ban such practices. Under this authority, the Department has adopted various regulations and policies to prevent unfair or deceptive practices or unfair methods of competition. In response to the Department's concern about whether consumers were being given adequate information about change-of-gauge services, we issued a final rule codifying the Department's regulations in 14 CFR Part 258. (64 FR 12854-12860, March 15, 1999) These regulations established the following requirements:

- (a) *Notice in schedules.* Carriers holding out or operating change-of-gauge services to, from, or within the United States shall ensure that in the written and electronic schedule information they provide to the public, to the *Official Airline Guide* and comparable publications, and to computer reservations systems (CRSs), these services are shown as requiring a change of aircraft.
- (b) *Oral notice to prospective consumers.* In any direct oral communication with a consumer in the United States concerning a change-of-gauge service, any carrier or ticket agent doing business in the United States shall tell the consumer before booking scheduled passenger air transportation to, from, or within the United States that the service requires a change of aircraft *en route*.
- (c) *Written notice.* At the time of sale in the United States of transportation that includes a change-of-gauge service to, from, or within the United States, or, if no ticket is issued, no later than the time when the passenger checks in at the airport for the first flight in an itinerary that includes such a service, the selling carrier or ticket agent shall provide the following written notice:

Notice: Change of Aircraft Required

For at least one of your flights, you must change aircraft en route even though your ticket may show only one flight number and have only one flight coupon for that flight. Further, in the case of some travel, one of your flights may not be identified at the airport by the number on your ticket, or it may be identified by other flight numbers in addition to the one on your ticket. At your request, the

seller of this ticket will give you details of your change of aircraft, such as where it will occur and what aircraft types are involved.

The Department recognizes that, under the Paperwork Reduction Act of 1995, the implementation by an agency of a requirement to disclose information to a third party is considered to be a collection of information and subject to certain provisions of the Paperwork Reduction Act of 1995. The Department specifically notes that, while this rule results in a collection of information according to the Paperwork Reduction Act of 1995, it does not impose requirements on any segment of the aviation industry to collect, process or submit data or data files to the Department in the traditional sense of data collection.

As part of its performance and accountability measurements, the Department has six performance goals: *safety, mobility, economic growth, human and natural environment, national security, and organizational excellence*. These disclosure rules provide air travelers with important information about the transportation that they are about to purchase, or have purchased, in order to ensure that travelers are not misled or confused about that transportation. Such situations could result in inconvenience, delay or missed flights. This Information Collection Requirement, therefore, supports the mobility goal by shaping an accessible and reliable transportation system for all air travelers, by reducing transportation time from origin to destination for the individual transportation user and by increasing the reliability of trip times for air travel customers.

Copies of Section 41712 of Title 49, 14 CFR Part 258, and 64 FR 12854 are provided.

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

U.S. and foreign air carriers will provide notice in schedules, the *Official Airline Guide*, and comparable publications, of the need to change aircraft *en route*. Travel agents and ticket agents of U.S. and foreign air carriers will provide oral and written notification to air travelers containing pertinent information about the need to change aircraft *en route* at the time the consumer is considering the purchase of air transportation. This information is intended to aid the prospective consumer in making a more informed choice regarding the purchase of air transportation, and to facilitate travel by reducing the possibility that the traveler will be misled or confused before and during his or her trip.

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 submission 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.

Disclosure of the information required by this rule will be accomplished almost entirely through the use of highly-automated and electronic media. Virtually all airline tickets are processed using a computer reservations system (CRS).¹ These systems are composed of central data bases that are accessed by travel agents through computer terminals and provide agents with up-to-date information on fares and services and which allow the agents to book, change, and cancel reservations and to issue tickets. Airline reservation agents also use similar computerized systems, as do those who book their own tickets through internet-based reservation systems such as Orbitz, Expedia, or Travelocity.

The use of the Internet in researching and booking air transportation has increased significantly in recent years. In 1990 travel agencies were responsible for about 80 percent of airline tickets sold in the United States.² That share fell to about 38 percent of the airline tickets sold in the United States in 2007 and is projected to be 33% of the total market by 2009.³ This increase should raise the already high proportion of this data collection that is accomplished through electronic technologies.

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

Currently, there is no alternative information source that could adequately provide the detailed and up-to-date information that the rule would require. There is no duplication of effort.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-1), describe any methods used to minimize burden.

For purposes of this rule, small entities include small U.S. and foreign airlines as well as small travel agencies, especially those that do not subscribe to any of the computer reservations systems. We do not have detailed information on the number, size, and sophistication of these entities. However, we believe that these regulations will not be unduly burdensome to a significant number of small entities. Furthermore, to the extent that these entities have been able to meet prior disclosure requirements (dating back to 1985) through other, less-automated means, we believe these entities will be able to apply similar, least-costly techniques to meet these new requirements.

¹ Airline Ticketing: Impact of Changes in the Airline Distribution Industry, GAO Report to Congressional Requesters, GAO-03-749, July 2003.

² Airline Marketing Practices: Travel Agencies, Frequent Flyer Programs, and Computer Reservations Systems, U.S. Department of Transportation, February 1990.

³ The US travel agency distribution landscape, hotelmarketing.com, May 21, 2008.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

There would be no direct consequence to Federal program or policy activities if the notification were not required. However, the impact on consumers could be substantial. The Department considers it very important that all air travelers be fully informed of the need to change aircraft *en route* during all aspects of considering and purchasing air transportation and completing their journey. We also recognize that change-of-gauge services are considered prohibited unfair and deceptive practices unless passengers are **fully** aware of the need to change aircraft. Accordingly, the Department would have to ban the practice unless its criteria for notification were met. If the Department were to ban change-of-gauge services, the recognized benefits of a lowered likelihood of missed connections, lower fares, increased scope and frequency of services, increased competition and maximum utilization of U.S. carriers' rights under international bilateral agreements could be eliminated or diminished.

Because of the nature of the data collection, it cannot be conducted less frequently. A passenger must be made aware of the requirement to change aircraft each time that the passenger considers a trip where this requirement exists. From a technology perspective, the growing use of the Internet to research, book and verify air transportation should continue to reduce the burden on transportation providers and customers.

While we cannot precisely quantify the amount of consumer benefits, we find that the potential benefit to consumers is significant enough to justify the costs of the regulation. As has been stated previously, consumers benefit from change-of-gauge services. Moreover, there has been a rapid expansion of marketing and service innovations, some of which are becoming increasingly complex. The best way to protect consumers is to require that agents and airlines provide the most complete information in a timely manner. To the extent that the rule protects travelers from being misled or inconvenienced, the passengers are benefited. The airlines and related travel industries also benefit from increased consumer confidence.

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, medical, government contract, grant-in-aid, or tax records for more than three 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 a statistical data classification that has not been reviewed and approved by OMB;**
- **that include 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.**

In order to meet the goal of complete, consistent and timely consumer notification, it is necessary that the regulation apply to each occurrence. Therefore, this regulation could result in frequent application. However, the widespread use of computer reservations systems and the Internet should greatly reduce the burden. With regard to the written notification, only one copy is required and the notifying party is not required by this regulation to maintain a record of the notification. These regulations do not implement or require statistical surveys or the use of statistical data classifications and they do not involve confidentiality or business proprietary issues.

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 that notice and describe actions taken by the agency in response to those comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years – even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

In accordance with the Paperwork Reduction Act of 1995, the Department issued a notice announcing and requesting comments on its intention to request an extension of the previously approved collection of information regarding disclosure of change-of-gauge

services. A copy of 73 FR 51547 is provided. No comments were received in response to the notice.

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

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

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Since the purpose of this regulation is to ensure that consumers have complete information about the air transportation they are considering for purchase, there are no issues of confidentiality involved.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no sensitive questions.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.**

Number of respondents

The General Accounting Office (GAO) has estimated a decrease in the total number of non-airline operated travel agencies, from 23,343 in 1995 to 18,425 in 2001 – a 21 percent decrease in 7 years - with the largest decrease in very small travel agencies (those generating less than \$2 million in annual revenue). During the same period, the use of online reservations systems by passengers increased from seven percent in 1999 to 30 percent in 2002. We expect these trends have continued since the GAO report was issued in 2003. For example, PhoCusWright estimates there are about 11,000 travel agents in the United States in 2008.⁴ As of November 2007, 303 worldwide airlines reported some form of passenger traffic data to the Bureau of Transportation Statistics (BTS).

Therefore, we estimate the total number of respondents at 16,000. This estimate is based on a similar 21 percent decrease in travel agencies from 2001 to 2008, to a total of 14,555. This estimate is higher than the estimate of 11,000 travel agents made by PhoCusWright,⁵ but it is consistent with prior decreases. It also includes airlines and their own websites and internet-only travel agencies not previously counted.

Frequency of response

With regard to frequency, the disclosure will occur whenever travel involves change-of-gauge service. For practical purposes, we estimated that this would occur, on average, between three percent and nine percent of the time.⁶

It is virtually impossible to directly calculate the annual responses by considering the number of travel agencies and worldwide airlines since the size of the agencies and airlines vary widely and the number of tickets involving change-of-gauge services issued by each is not known. Data on the actual number of airline tickets that involve change-of-gauge services are not readily available.

In order to provide an idea of the overall impact of this rule, we developed an estimate of the number of tickets involving change-of-gauge flights. We pointed out that change-of-gauge services occur predominately in international air transportation⁷ and therefore we began our analysis by using the total number of passengers transported on all segments to and from the United States on U.S. and foreign air carriers. We emphasize that we developed an estimate of the number of tickets involved in change-of-gauge flights rather

⁴ [The US travel agency distribution landscape](#), hotelmarketing.com, May 21, 2008.

⁵ [The US travel agency distribution landscape](#), hotelmarketing.com, May 21, 2008.

⁶ The Department's Office of the Inspector General, in its 2001 *Final Report on Airline Customer Service Commitment* (p.106), concluded that "Change of gauge is not standard practice among the Airlines. In fact, at the time of our testing, only six Airlines (American, American Trans Air, Continental, Delta, Northwest and United) had change of gauge flights, with fewer than 15 flights each."

<http://www.oig.dot.gov/StreamFile?file=/data/pdfdocs/av2001020.pdf>

⁷ For the most part, the extensive nature of hubbing in the domestic airline system and the emphasis on single-plane or on-line connecting service for markets not served by nonstop flights resulted in less need or incentive to use change-of-gauge services in domestic operations. However, it is possible that this marketing tool will be used more extensively in domestic operations in the future.

that the number of passengers (enplaned or transported) because the number of tickets is the most appropriate measure in determining the cost associated with this rule. Many tickets are written to cover a round-trip journey that would encompass two transported passengers but only a single ticket. For these passengers, use of the number of transported passengers would overstate the number of passengers and the burden of the regulation by a factor of two because a round-trip passenger would buy one ticket for the entire journey but would be enplaned once at the point of origin and again at the destination point for the return trip to the origin (a total of two enplaned or transported passengers).

To estimate the number of tickets involved in change-of-gauge flights for U.S. and foreign airlines on international routes which included some travel to or from a U.S. point or points, we began with the total of 157 million passengers for the year ended December 31, 2007.⁸ We then adjusted the 157 million passengers for the difference between round-trip and one-way tickets; approximately 80 percent of international passengers flew on a round-trip basis and 20 percent traveled on a one-way basis. The 31.4 million one-way passengers equated to 31.4 million tickets. On the other hand, the 125.6 million round-trip passengers equated to 62.8 million tickets (one-half of 125.6 million). We therefore estimated that the total number of international tickets in 2007 amounted to 94.2 million.

We further adjusted the 94.2 million tickets to account for tickets that represented travel between gateways only. The number of passengers in gateway-to-gateway markets represented about 22 percent of the total passengers in all markets.⁹ Since those gateway tickets would not involve change-of-gauge flights, we subtracted 20.7 million (22 percent) from 94.2 million, resulting in a total of 73.5 million international tickets on a non-gateway basis.

The estimated 73.5 million international tickets included travel on a single-plane basis, travel on an on-line connecting basis (same carrier, non code-share), travel on an on-line connecting basis (code share), travel on an interline connecting basis and travel on a change-of-gauge basis. From available data, we were not able to estimate what percentage of the overall traffic involved change-of-gauge services. To provide some idea of the magnitude of the rule, we estimated that the number of change-of-gauge tickets ranged from 25 percent to 75 percent of the total of 73.5 million non-gateway international tickets. Applying these percentages, we calculated that the number of

⁸ This represented the total number of passengers transported on nonstop flights to and from the United States on U.S. and foreign air carriers as reported on BTS, Forms T-100 and T-100(f).

⁹ The 22 percent generally represented the portion of gateway-to-gateway passengers for the U.S.-Europe market. We used this figure for all international travel.

change-of-gauge tickets ranged from 18.4 million to 55.1 million tickets in 2007. For the purposes of this analysis, we used the higher estimate of 55.1 million tickets.

Burden Estimates

To evaluate the related cost – in both hours and dollars – we examined operating costs from the perspective of the airline ticket agents, travel agents and the traveling public. In their comments to the Notice of Proposed Rulemaking regarding Disclosure of Code-Sharing Arrangements and Long-term Wet Leases,¹⁰ Midwest Express and Astral Aviation d/b/a Skyway Airlines (joint commenters) provided an estimate of the annual increase in operating costs (\$88,000) for Astral Aviation only for the disclosure requirement of that rule, based on increased labor costs (\$30,000) resulting from additional talk time of 15 seconds per call for reservation agents and increased telephone line usage charges (\$58,000).¹¹ Since the requirements of this disclosure rule are very similar to the code-sharing disclosure rules, we used their estimates as a starting point for our cost analysis.¹²

We estimate a total annual hourly burden of 227,288 hours (113,644 hours each for respondents and travelers) and a total annual cost of \$6.9 million (\$2.8 million for respondents and \$4.09 million for travelers). On a per ticket basis, the average cost amounted to \$0.38 per ticket for the 18.2 million change-of-gauge tickets estimated to involve personal contact. These estimates are detailed below.

While the Department would prefer not to take actions which have the potential to increase the cost of travel or result in a loss of productive time, we believe these amounts are minimal and not prohibitive considering that the average ticket price for domestic travel was approximately \$168 and the average price for international travel exceeded \$400.¹³

The Department recognizes that the growth of behind and beyond service suggests that change-of-gauge service may increase in the future. We also recognize that the cost for fully informing prospective travelers will impact different segments of the travel industry and the public to varying degrees. However, we believe that the fact that such arrangements are becoming more sophisticated emphasizes the paramount importance that the traveling public be fully informed.

The Department is convinced that the benefits outweigh the related costs and that the burden hours and costs will continue to decrease in the future as consumers and frequent

¹⁰ Docket No. OST-95-623.

¹¹ Joint Comments of Midwest Express Airlines, Inc. and Astral Aviation, Inc. d/b/a Skyway Airlines, February 16, 1995, page 5.

¹² In our draft regulatory analysis, we assumed that the additional time required for oral notice might range between one or two minutes in order to provide a preliminary estimate of the cost.

¹³ Average airfare in fourth quarter 2007 (<http://ostpxweb.dot.gov/aviation/domfares/web074.pdf>)

travelers adjust and as new, less-costly, channels of distribution (such as the Internet) play a larger role.

In fact, the Department believes that the estimated burden hours and costs described above overstate the current impact of these regulations. We base this possibility on the fact that travel agents are booking a smaller percentage of airline tickets than in the past¹⁴ and that a significant number of air travelers are using airline websites and other on-line travel websites to research, book, select a seat, purchase and confirm air transportation. One of the largest U.S. airlines, Southwest Airlines, estimates that 59% of its sales (worth \$3.7 billion), are being made through the Southwest website and Delta Air Lines has seen its website bookings increase from 18% to 28% of total bookings.¹⁵ Other worldwide airlines are experiencing similar trends.

Annual hour burden estimate

Approximately 33 percent of travelers use travel agencies¹⁶, many of which may use internet-based portals rather than personal communication. The remaining passengers purchase tickets directly from the airline (through its phone or web sales) or through an online ticketing agency. Airlines continue to improve their own internet-based sales and revenue management systems, as do non-carrier affiliated ticket sales sites. There are more than 500 active airlines in the world,¹⁷ although many do not offer scheduled passenger service, directly or through codeshares, to US customers.

First, we note that many carriers impose additional fees for using a carrier's reservations agent. As such, much of the cost incurred with verbal notification can be recovered by the carriers. Second, the growth of internet-based reservations systems has reduced the use, by passengers, of telephone-based communications. We estimate that travelers speaking to a travel agent made an average of 1.5 phone calls per trip.¹⁸ We also estimated 15 seconds (0.25 minutes) of additional talk time for each call to convey code sharing information, for a total 0.375 minutes per passenger for each passenger who spoke to an agent.

We apply this estimate of 0.375 minutes per passenger to the high estimate of 55.1 million tickets, for a total of 344,375 hours. We further reduce the total by increased use of internet bookings, estimating that approximately 33% of passengers do, in fact, speak

¹⁴ According to the *2003 Travel Industry Survey/Travel Weekly*, travel agents booked 51% of all airline tickets, which represents a decline from the 80% previously referenced.

¹⁵ "Points of Sale", *Airline Business*, June 2005, page 43.

¹⁶ Travel agents sell about 33 percent of all airline tickets. [The US travel agency distribution landscape](#), hotelmarketing.com, May 21, 2008.

¹⁷ <http://jwa.janes.com/public/jwa/index.shtml>

¹⁸ We assumed that travelers who use travel agents call between 1 and 2 times per trip (1.5 calls on average) since an advantage of using travel agents is that they do the work for the consumer. We had previously estimated that travelers calling airlines directly would make more calls, but we believe that the advent of multiple internet-based fare search engines have led travelers to do much of the work for themselves prior to calling an airline's own reservation agents.

with an agent.¹⁹ Our estimate is for an annual hourly burden of 113,644 hours for the 16,000 respondents. However, it is not possible to determine the burden for an individual respondent.

We also used similar assumptions (duration of call, number of tickets, and number of calls) to estimate the cost to travelers that would result from the loss of productive time due to the additional talk time. We used the same estimate of 15 seconds per call, an average of 1.5 calls per trip, and 55.1 million tickets. Our estimate is for an annual hourly burden of 113,644 hours for the approximately 18.2 million tickets estimated to involve personal contact. However, it is not possible to determine the burden for an individual traveler.

Thus, our total estimated annual hourly burden is 227,288 hours per year for the affected population.

Estimated annualized cost to respondents

We recognize that the rule results in agents spending more “talk time” to provide the notice of codesharing or long-term wet lease arrangements. To evaluate the related cost, we examined operating costs from the perspective of the airline ticket agents, travel agents and the traveling public.

To estimate the annual operating costs, we used an average hourly rate of \$21.72 (salary and fringe benefits) for an agent²⁰ and 113,644 hours, resulting in total additional costs of \$2.47 million per year. To these amounts, we added the cost of additional telephone line usage based on an average of \$0.05 per minute²¹ (\$3/hour), for a total of approximately \$0.34 million. Therefore, total annual operating costs for the 16,000 respondents were estimated at \$2.8 million. On a per ticket basis, the average estimated cost is \$0.015 for the 18.2 million tickets estimated to involve personal contact. Based on the value of time at \$35.98 per hour²² and 113,644 hours, we estimated that the annual additional cost

¹⁹ Since it is impossible to determine which percentage of travelers using travel agents rely on agents, versus web-based booking, and what percentage of travelers who use web-based booking then follow up with agents, we use the percentage of tickets sold through travel agents (33%) as a proxy for the total number of passengers speaking to an agent.

²⁰ The American Society for Travel Agents estimates annual agent salary between \$28,785 and \$38,648, as of May 29, 2008 (see <http://www.asta.org/News/PRDetail.cfm?ItemNumber=3879>). We use an average of \$33,714 and add fringe benefits equal to 34 percent of compensation. We then divide \$45,180 (average salary + benefits) by 2080 hours to reach an average hourly agent compensation of \$21.72..

²¹ Data on telephone line charges were not readily available. Midwest Express/Astral Aviation did not provide background information on unit rates. Our analysis of their data indicated a rate of \$0.64 per minute. Our independent research regarding toll-free numbers indicated a rate of \$0.03 to \$0.07 per minute including some volume discounts. We also recognized that some very high volume users (for example, the federal government’s use of FTS) obtained rates that were considerably lower than these rates. Although computer reservations systems and internal airline systems were very high users of telephone lines and presumably entitled to significant discounts, we have determined that \$0.05 per minute was a reasonable rate for purposes of this analysis.

to travelers using personal contact would amount to \$4.09 million, or about \$0.22 worth of additional time per ticket requiring personal contact.

Thus, our total estimated annual cost burden is \$6.9 million. The cost to process an airline ticket has decreased. In 1999, these costs to an airline were estimated at approximately \$46, \$23, and \$25 for travel agents, airline websites, and on-line travel agency sites, respectively. By 2002, the same costs were estimated to be \$31, \$12, and \$20.²³ If ticket processing costs decreased at the same rate between 2002 and 2008 as they did between 1999 and 2002, we would expect processing costs to be approximately \$24 (travel agents), \$6.25 (airline websites), and \$16 (on-line travel agency sites).

Because each of these groups has been reporting change-of-gauge information since 1997 and the cost to process an airline ticket has decreased over time, there is little evidence that the reporting requirement increases the base processing costs for the affected respondents. Given the rapid and substantial decrease in the cost to process an airline ticket, we believe our burden estimates to be realistic.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14.)

- **The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or**

²² Based on DOT Memorandum of February 11, 2003: Department Guidance for the Valuation of Travel Time in Economic Analysis (see http://ostpxweb.dot.gov/policy/Data/VOTrevision1_2-11-03.pdf). We used the value for intercity air travel for all purposes, \$28.60 in 2000 dollars. We adjusted this value to 2008 dollars using the CPI index (see <http://www.bls.gov/bls/inflation.htm>), resulting in \$35.98.

²³ Airline Ticketing: Impact of Changes in the Airline Distribution Industry, GAO Report to Congressional Requesters, GAO-03-749, July 2003.

regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

The Department originally considered the possibility that these rules could result in increased implementation costs for the worldwide airline and travel agent industries. Such costs were initially determined to be minimal and one-time charges. For the current renewal, implementation costs should be negligible.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

The regulation will not result in any costs to the federal government since data will not be collected.

15. Explanation of Program Changes or Adjustments.

The program reporting requirements have not changed since the previous request for Extension of a Previously Approved Collection submitted in 2005. An adjustment has been made to the Information Collection Request; the number of affected tickets remains in the midrange of the 2005 Information Collection Request while, the estimated number of respondents has decreased. Both changes reflect the changing nature of the passenger airline industry: increased use of Internet booking sites, decreased numbers of and commissions paid to travel agents, increased numbers of air travel journeys, and the same (or less) change of gauge service in the domestic and international markets. Although the total hour burden remains within the range estimated in 2005, we estimate that the average cost per ticket, for both airlines and travel agencies, has decreased from \$0.56 to \$0.38 per ticket. This decrease reflects efficiencies inherent in industry practice changes.

16. For collections of information whose results will be published, outline plans for tabulation, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

This regulation involves only consumer notification and does not involve actual collection of data.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Ticket sellers are required, under 14 CFR Part 258, to inform a ticket buyer each and every time the ticket s/he purchases involves change-of-gauge service. That notification will be in writing, such as printed on the ticket or invoice, and may be verbally communicated by the ticket seller if the ticket buyer utilizes in-person or telephone service when purchasing the ticket. Because this requirement will change only if the rule itself is changed, in the opinion of the Department, the nature and frequency of the notification requirements of this regulation make it difficult to display the expiration date for OMB approval. Your approval to this request would be appreciated.

18. Explain each exception to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions”, of OMB Form 83-I.

There are no exceptions.