

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 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 a general or special orders to require any carriers 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, details that requirement.

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. The ARMIS 43-01 Report contains financial and operating data and is used to monitor the incumbent local exchange carriers ("ILECs") and to perform routine analyses of costs and revenues.

ARMIS 43-01 Report facilitates the annual collection of the results of accounting, rate base, and cost allocation requirements prescribed in Parts 32, 36, 64, 65, and 69 of the Commission's Rules and Regulations.

The Commission is requesting a revision of this information collection from the OMB. We are decreasing the number of study area carriers filing this report to reflect the Commission's recent ARMIS orders. In the December 12, 2008 *Memorandum Opinion and Order*, the Commission, among other things, granted forbearance from the obligation of Qwest, AT&T, and Verizon to file ARMIS Report 43-01. This forbearance was conditioned on a Commission approval of those carriers' compliance plans. The Commission also imposed one further condition on its forbearance from the ARMIS Financial Reports – that each carrier continue to file an annual public filing, without any assertions of confidentiality, of the pole attachment cost data currently filed as part of ARMIS Report 43-01, in WC Docket No. 07-204. The Commission's forbearance required those three carriers to file pole attachment data for all states in the next annual filing after approval of their compliance plan, but subsequent filings with the Commission need not include data for those states that have certified to regulation of pole attachments. By letters to the Commission, these three carriers agreed voluntarily to comply with the pole attachment condition. On December 21, 2008, by public notice, the Commission found that Qwest, AT&T, and Verizon had satisfied the condition that they obtain approval of compliance plans describing in detail how they will continue to fulfill their statutory and regulatory obligations. Therefore, these three carriers are no longer required to file the ARMIS 43-01 Report so long as they comply with the pole attachment filing condition. We are also reducing the hourly burden to reflect two additional respondents that will not

file this report since their revenue fell below the reporting threshold used for classifying carriers' categories for various accounting and reporting purposes. That is a reduction adjustment of 176 hourly burden hours that reflect the two fewer respondents. Finally, we are increasing the number of study area reporting carriers by one. Finally, the Commission has estimated that the estimated time per response is now 88 burden hours.

As noted on the Form OMB 83i, this information does not affect individuals or households; thus, there are no impacts under the Privacy Act.

Statutory authority for this collection of information is contained in 47 U.S.C. sections 219 and 220.

2. The information contained in the ARMIS 43-01 Report provides the necessary detail to enable the 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 that are needed to administer its rules. It facilitates the timely and efficient analysis of revenue requirements, rates of return and price caps, jurisdictional separations, and universal service fund, 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 has developed an Electronic ARMIS Filing System ("EAFS") to provide on-line submission of carrier filings and to provide a user-friendly, feature-rich data base system from which users can extract ARMIS data in a variety of ways. 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>. Thus, the submission of paper and diskette copies is no longer required.

4. No duplication of the required data exists outside the agency. The Commission knows of no other existing information that would serve our regulatory purposes.

5. The collection of information does not involve small businesses or other small entities. There are two classes of incumbent LECs 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 \$138 million are classified as Class A; those falling below that threshold are considered Class B. Class A carriers with annual revenues in excess of \$138 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 Report 43-01 is filed once a year and thus, if the automated reporting was conducted less frequently, the Commission would not have the data in a timely manner to perform its 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. AT&T Inc. and Verizon Communications Inc. filed a petition in response to the notice. As noted earlier, the Commission's December 12, 2008 MO&O granted forbearance from the obligation to file this ARMIS Report to Qwest, AT&T, and Verizon.

9. Not applicable. There will be no payments or gifts to respondents.

10. If respondents wish to request confidential treatment of their information, they may do so by requesting confidential treatment of their data under 47 C.F.R. Part 0.459 which contains procedures for requesting confidential treatment of data.

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.

FCC Report 43-01 (annual reporting requirement)

1. Number of respondents: 45.
2. Frequency of response: Annual reporting requirement.
3. Total Number of Responses Annually: 45.

45 carriers x 1 response/annum = 45.

4. Total Annual Burden Hours: 45 respondents x 88 hours per response = **3,960 Hours**
Total Annual Burden.

The Commission estimates that each carrier takes approximately 88 hours per response to comply with the requirement. We are revising the number of carriers filing this study area level ARMIS report from 126 to 45 to reflect the Commission's orders that granted forbearance to file this report for 80 study area carriers [Qwest, AT&T, and Verizon companies]; the reduction of two study area carriers that fell below the reporting threshold; and, the addition of one study area.

5. Estimated Industry Cost: \$138,600.

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

45 (number of respondents) x 1 (number of filing) x 88 (hours per filing) x \$35 per hour = \$138,600.

13. Respondent Cost Burden: None.

14. The Federal government's annualized cost for the entire ARMIS program has been estimated at \$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.)	25,800
Equipment and Supplies (i.e., diskettes, file folders, computers disk drives)	13,400
Filing Equipment	<u>3,125</u>
Total Annual ARMIS Cost	<u>\$646,788</u>

Of the total annual ARMIS cost of \$646,788, we estimate the FCC Report 43-01 portion to be \$59,578. This estimate includes the necessary automation equipment, software, supplies, and personnel needed to execute the automated reporting program.

15. The total annual hourly burden for this collection is 3,960 hours, a decrease of 7,128 total hours. The Commission notes that the total number of respondents has decreased from 126 to 45. We are reducing the hourly burden by 6,952 to reflect 80 respondents that will not file this report attributed to the *Memorandum Opinion and Order* on December 12, 2008 that reflects the Commission's forbearance that AT&T, Qwest, and Verizon not file this ARMIS Report. Also, we are reducing the hourly burden to reflect two study area carriers that will not file this report since their revenue falls below the reporting revenue threshold used for classifying carrier categories for various accounting and reporting purposes. That is adjusted reduction of 176 burden hours that reflect the two fewer respondents. Finally, we are increasing the estimated time per response to 88 hours.

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 we would have to destroy all of the unused reports previously printed. This would constitute waste and would not be cost effective. Instead the Commission will use the edition date in lieu of the OMB expiration date.

18. The Commission does not require carriers to retain copies of ARMIS 43-01 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.

There are exceptions to the certification statement in item 19 of the Certification Statement. When the 60 day notice was published on January 17, 2008, we reported an estimated time per response of 90 hours; 124 respondents and 11,196 burden hours. Then in December 12, 2008, the Commission granted forbearance of Quest, AT&T and Verizon which changed the number of respondents/responses and burden hours. With the publication of the 30 day notice, the Commission is reporting more accurate estimates.

B. Collections of Information Employing Statistical Methods:

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