

Note: This submission is made pursuant to 44 U.S.C. 3507. This collection is being submitted to extend an existing collection that is expiring. The Commission has not changed the reporting requirement for this IC. The Commission has reduced the number of respondents from 56 to 55 which is due to the merger of two holding companies. Therefore, the total annual burden has been reduced by 139 hours.

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 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 of earnings and expenses and to file periodical and/or special 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 details 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. The ARMIS Report 43-08 collects network operating data in a consistent format. The ARMIS Report 43-08 monitors network growth, usage, and reliability.

In the *ARMIS Forbearance Order*, the Commission granted conditional forbearance from filing all tables except Table III, columns (fc), (fd), (fe), and (fi) in ARMIS Report 43-08, so long as carriers voluntarily committed to collect and retain data required by the remaining tables of ARMIS Report 43-08 for 24 months after September 6, 2008. See *Service Quality, Customer Satisfaction, Infrastructure and Operating Data Gathering; Petition of AT&T Inc. for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of the Commission's ARMIS Reporting Requirements; Petition of Qwest Corporation for Forbearance from Enforcement of the Commission's ARMIS and 492A Reporting Requirements Pursuant to 47 U.S.C. § 160(c); Petition of the Embarq Local Operating Companies for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of ARMIS Reporting Requirements; Petition of Frontier and Citizens ILECs for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of the Commission's ARMIS Reporting Requirements; Petition of Verizon for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of the Commission's Recordkeeping and Reporting Requirements; Petition of AT&T Inc. For Forbearance Under 47*

U.S.C. § 160(c) From Enforcement of Certain of the Commission's cost Assignment Rules, WC Docket Nos. 08-190, 07-139, 07-204, 07-21, Memorandum Opinion and Order and Notice of Proposed Rulemaking, 23 FCC Rcd 13647, 23 Fed. Reg. 13647 (2008) (*ARMIS Forbearance Order* and *NPRM, pet. for recon. pending, pet. for review pending, NASUCA v. FCC*, Case No. 08-1353 (D.C. Cir. filed Nov. 4, 2008)). In the *NPRM*, the Commission sought comment on whether it should collect information similar to that collected in *ARMIS Report 43-08* on an industry-wide basis.

In this submission to the OMB, the Commission is adjusting the number of carriers filing this *ARMIS* report from 56 to 55 to reflect the merger of two holding companies. The Commission, in its *ARMIS Forbearance Order*, noted that, among other things, that the reporting carriers have committed to collecting and retaining all information/data internally that was previously reported but will not be reported during this collection approval period on the *ARMIS Report 43-08*, for twenty four (24) months.

Statutory authority for this collection of information is contained in 47 U.S.C. Sections 160, 161, 209(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 the *ARMIS Report 43-08* provides the necessary detail to enable this 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. *ARMIS* facilitates the timely and efficient analysis of revenue requirements, rate of return and price caps, 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>.
4. No duplication of the required data exists outside the agency. The Commission knows of no other existing information that would serve our regulatory purpose
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 \$142 million are classified as Class A; those falling below that threshold are considered Class B. Class A carriers with annual revenues in excess of \$142 million but less than \$8.374 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 ARMIS Report 43-08 is filed once a year. If the Operating Data Report was filed less frequently, the Commission would not be able to conduct its studies of this data in a timely manner. The Commission designed the Operating Data Report to obtain the detailed data it needs concerning network growth, usage, and reliability. These data also represent a part of the data necessary to support the Commission's other oversight functions. Subsequent submissions correcting previously filed data are to be filed as soon as the correction is identified.

7. Not applicable.

8. A notice was published in the Federal Register pursuant to 5 CFR § 1320.8 (d). See 75 FR 149, dated January 4, 2010. No comments were received.

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

10. Ordinarily, questions of a sensitive nature are not involved in the ARMIS Operating Data Report. The Commission contends that areas in which detailed information is required are fully subject to regulation and the issue of data being regarded as sensitive will arise in special circumstances only. In such circumstances, the respondent is instructed on the appropriate procedures to follow to safeguard sensitive data. 47 CFR Part 0.459 contains the procedures for requesting confidential treatment of data.

11. The respondents are instructed on the appropriate procedures to follow to safeguard information deemed sensitive data. Section 0.459 of the Commission's rules contains procedures for requesting confidential treatment of such data. See 47 CFR 0.459 of the Commission's rules.

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 43-08:

1. Number of respondents: 55*; Number of responses: 55.
2. Frequency of response: Annual reporting requirement.
3. Estimated Time Per Response: 139 hours. Total annual burden hours: **7,645 hours**.
4. Respondents estimated annualized cost for the burden hours for the collection of information: \$330,264.
5. Explanation of calculation: We estimate it will take approximately 139 hours to comply with the requirement. 55 (number of respondents) \times 1 (number of filings) \times 139 (hours per filing) \times $\$43.20$ per hour = $\$330,264$.

* In this submission, we are adjusting the number of carriers filing this operating company level ARMIS report from 56 to 55 to reflect the merger of two holding companies. In the *ARMIS*

Forbearance Order, the Commission did not forbear from the rule requiring carriers to file ARMIS Report 43-08, Table III, columns (fc), (fd), and (fe) that are business line count information used in the non-impairment threshold for the Commission's unbundling rules. The Commission stated that Sections 54.807(b) and (c) of its rules require the Universal Service Administrative Company (USAC) to use switched access lines derived ultimately from ARMIS Report 43-08 to calculate growth in access lines as part of the formula for determining interstate access support. Specifically, that data is derived from ARMIS Report 43-08, Table III, column (fi). Thus, the Commission found that forbearance in these situations would not be in the public interest. The Commission noted that the reporting carriers had committed to collecting and retaining all other ARMIS Report 43-08 data internally for a period of twenty four (24) months. Thus, based on the *ARMIS Forbearance Order*, in three years, at the next data collection approval cycle, the filers will no longer need to collect and retain a large proportion of ARMIS Report 43-08 data, there will be fewer operating companies filing this report, and there will be fewer total annual burden hours.

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

(a)(1) Total capital and start-up cost component (annualized over its expected useful life): \$0. The reporting requirement will not require the purchase of additional equipment.

(b)(2) Total operation and maintenance and purchase of services component: \$0.

14. The Federal government's annualized cost for the entire ARMIS program has been estimated at \$648,938. This estimate was derived as follows:

Employees 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>\$648,938</u>

Of the total annual ARMIS cost of \$648,938 we estimate the FCC Report 43-08 portion to be \$9,929. 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 7,645 hours. The Commission has decreased the number of respondents by one (from 56 to 55) to reflect the merger of two holding companies.

The Commission has noted that in the *ARMIS Forbearance Order*, the reporting carriers have committed for a period of twenty four months to collecting and retaining information that had, prior to that order, been formerly filed on the FCC ARMIS Report 43-08. Therefore, the Commission has not reduced the burden hours per response for this collection period. The Commission has adjusted its estimate of the total annual burden hours to 7,645 hours, a decrease of 139 hours from the 7,784 hours previously reported to OMB.

16. Data from all ten ARMIS 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 10 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 Commission's interest because we would have to continually update the electronic system with an updated OMB expiration date even though nothing else has changed. This would constitute waste and would not be cost effective.

18. The Commission does not require carriers to retain copies of ARMIS Report 43-08 for a specific period of time. Carriers are required by Section 42.4 of the Commission's rules (47 CFR 42.2) to maintain a master list 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 master list.

B. Collections of Information Employing Statistical Methods:

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