

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05; and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

**Note:** Although the Commission has granted conditional forbearance from the reporting requirements that make up the collections in this document, the Commission submits this supporting statement because petitions for reconsideration and review of those forbearance decisions are currently pending before the Commission and the courts, respectively.

In *Petition for Forbearance under 47 U.S.C. § 160 from Enforcement of Certain of the Commission's Cost Assignment Rules*, WC Docket Nos. 07-21, 05-342, Memorandum Opinion and Order, 23 Rcd 6302 (2008) (*AT&T Cost Assignment Forbearance Order*), *pet. for recon. pending, pet. for review pending*, NASUCA v. FCC, Case No. 08-1226 (D.C. Cir filed June 23, 2008), the Commission concluded that there was no current, federal need for the Uniform System of Accounts account requirements and other rate-of-return regulation (collectively, Cost Assignment Rules) as they apply to AT&T, to ensure that charges and practices are just, reasonable, and not unjustly or unreasonably discriminatory; to protect consumers; and to ensure the public interest. The Commission granted forbearance, subject to conditions, from the statutory provision and Commission rules as requested in the underlying petitions.

In *Service Quality, Customer Satisfaction, Infrastructure and Operating Data Gathering*, WC Docket Nos. 08-190, 07-139, 07,204, 07-273, 07-21, Memorandum Opinion and Order and Notice of Proposed Rulemaking, 23 FCC Rcd 13647 (2008) (*Verizon/Qwest Cost Assignment Forbearance Order*), *pet. for recon. pending, pet. for review pending*, NASUCA v. FCC, Case No. 08-1353 (D.C. Cir. filed Nov. 4, 2008), the Commission granted in significant part AT&T's petition for forbearance from the ARMIS service quality and infrastructure reporting requirements, ARMIS Reports 43-05, 43-06, 43-07 and 43-08, for all carriers, subject to certain conditions. The Commission also extended to Verizon and Qwest forbearance from the statutory provision and Commission rules from the Cost Assignment Rules to the same extend granted AT&T in the *AT&T Cost Assignment Forbearance Order* and subject to the same conditions.

In *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 Verizon for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of the Commission's Recordkeeping and Reporting Requirements*, WC Docket Nos. 07-204, 07-273, Memorandum Opinion and Order, 23 FCC Rcd 18483 (2008) (*ARMIS Financial Reporting Forbearance Order*), based upon the steps taken in the *AT&T Cost Assignment Forbearance Order* and the *Verizon/Qwest Cost Assignment Order*, the Commission granted conditional forbearance from the obligation of Qwest Corporation, AT&T Corp. and Verizon to file ARMIS Reports 43-01, 43-02 and 43-03.

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05); and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

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 is reporting a 850 hour increase that reflects the addition of two additional responses not included in the prior ARMIS 43-05 review process. See item 15 of this supporting statement for further explanations of the changes in the Commission's estimates.

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, 47 C.F.R. § 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.

Section 11 of the Communications Act of 1934, as amended, 47 U.S.C. 161, requires the Commission, in every even-numbered year beginning in 1998, to review its regulations applicable to providers of telecommunications services to determine whether the regulations are no longer in the public interest due to meaningful economic competition between providers of such services and whether such regulations should be repealed or modified. Section 11 further instructs the Commission to repeal or modify any regulation it determines to be no longer in the public interest.

In this submission to the OMB, the Commission is adjusting the number of carriers filing the ARMIS Report 43-05 from 14 to 15 to reflect a carrier that was not included in the prior approval process. The Commission in its *Verizon/Qwest Cost Assignment Forbearance Order*

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05); and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

noted that, among other things, the reporting carriers had committed to collecting and retaining all information/data internally while reporting this information for a period of twenty-four months from the date of that order. The previously reported data will not be reported during this collection approval period.

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.

**A. FCC Report 43-02** - The ARMIS 43-02 Report contains company-wide data for each account specified in the Uniform System of Accounts ("USOA"). It provides the annual operating results of the carriers' activities at the operating company level for every account in the USOA.

There are no changes for this report.

**B. FCC Report 43-05** - The ARMIS 43-05 Report collects data at the study area level and holding company level and is designed to capture trends in service quality information in the areas of service quality under price cap regulation. It provides service quality information in the areas of interexchange access service installation and repair intervals, local service installation and repair intervals, trunk blockage and total switch downtime for price cap companies.

In this collection, we are increasing the number of respondents filing this ARMIS report from 14 to 15 to reflect carrier that was not included in the prior approval process.

**C. FCC Report 43-07** - The ARMIS 43-07 Report is designed to capture trends in telephone industry infrastructure development under price cap regulation. It provides switch deployment and capabilities data.

There are no changes for this report.

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 three reports provides the necessary detail to enable this Commission to fulfill its regulatory responsibilities. Automated reporting of these data greatly

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05; and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

enhances the Commission's ability to process and analyze the extensive amounts of data it needs to administer its rules. ARMIS facilitates the timely and efficient analysis of revenue requirements, rates 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's Electronic ARMIS Filing System ("EAFS") provides on-line submission of carrier filings and provides a user-friendly, feature-rich database system from which users can extract ARMIS data in a variety of ways. Incumbent local exchange carriers [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 its regulatory purposes.
5. The collection of information does not involve small businesses or other small entities. There are two classes of ILECs 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 \$134 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 \$8,428 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. If the data in the FCC Reports 43-02, 43-05, and 43-07 which are filed once a year, were to be collected less frequently, the Commission would not be able to conduct its studies of these data in a timely manner.

The USOA Report (FCC Report 43-02) provides the annual operating results of the carriers' activities for every account in the USOA.

The Service Quality Report (FCC Report 43-05) provides service quality information in the areas of interexchange access service installation and repair intervals, local service installation and repair intervals, trunk blockage and total switch downtime for price cap companies.

The Infrastructure Report (FCC Report 43-07) provides switch deployment and capabilities data for mandatory price cap carriers. This information is also necessary to support the Commission's audit and other oversight functions.

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05; and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

Subsequent submissions correcting previously filed data are to be filed as soon as the correction is identified.

7. Not applicable.
8. A 60 day notice was published in the Federal Register as required by 5 C.F.R. §1320.8(d). *See* 76 FR 30751, dated May 26, 2011. (No comments received).
9. Not applicable. There will be no payments or gifts to respondents.
10. Ordinarily, these reports do not involve questions of a sensitive nature are not involved in these ARMIS reports. 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. The Commission has determined that certain data in FCC Reports 43-02 and 43-07 are proprietary, and we have accorded confidential treatment to the respondents upon request.
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 C.F.R. § 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.
  - a. FCC Report 43-02 (reporting requirement):
    1. Number of respondents: 26

In this collection, there are no changes to the number of respondents.
    2. Frequency of response: Annual reporting requirement.
    3. Total Number of Responses Annually: 26

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05; and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

26 carriers x 1 response/annum = 26

4. Total Annual Burden Hours: 6,396 Hours

The Commission estimates that each carrier takes approximately 246 hours to comply with the requirement.

26 carriers x 246 hours per filing = 6,396 hours

5. Estimated Industry Cost: \$227,826

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

26 respondents x 1 filing x 246 hours per filing x \$35.62 per hour = \$227,826.

b. (1) FCC Report 43-05 (reporting requirement):

1. Number of respondents: 15

In this collection, we are revising the number of respondents filing this ARMIS report from 14 to 15 to reflect a carrier that was not included in the prior ARMIS 43-05 approval process.

2. Frequency of response: Annual reporting requirement.

3. Total Number of Respondents Annually: 15 responses

15 carriers x 1 response/annum = 15 responses

4. Total Annual Hourly Burden: 12,660 hours

The Commission estimates that each respondent takes approximately 844 hours to comply with the requirement.

15 carriers x 844 hours per filing = 12,660 hours.

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05; and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

5. Estimated Industry Cost: \$450, 949

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

15 respondents x 1 filing x 844 hours per filing x \$35.62 per hour = \$450,949

b. (2) FCC Report 43-05 (recordkeeping requirement):

1. Number of respondents: 15

In this collection, we are revising the number of respondents filing this ARMIS report from 14 to 15 to reflect a carrier that was not included in the prior approval process.

2. Frequency of response: Recordkeeping requirement.

3. Total Number of Responses Annually: 15 responses

15 carriers x 1 response/annum = 15 responses

4. Total Annual Hourly Burden: **86 hours**

The Commission estimates that each respondent takes approximately 5.7 hours to comply with the requirement.

15 carriers x 5.7 hours per filing = 85.5 hours.

5. Estimated Industry Cost: \$3,046

The Commission estimates that it will take each carrier using staff equivalent to a

GS11/Step 5 Federal employee, plus 30% overhead, to comply with the requirement.

15 respondents x 1 filing x 5.7 hours per filing x \$35.62 per hour = \$3,046.00

c. FCC Report 43-07 (reporting requirement):

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05; and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

1. Number of respondents: 7

There are no changes for this report.

2. Frequency of Response: Annual reporting requirement.

3. Total Number of Responses Annually: 7

7 carriers 1 response/annum = 7 responses

4. Total Annual Hourly Burden: 1,176 Hours

The Commission estimates that each respondent takes approximately 168 hours to comply with the requirement.

7 carriers x 168 hours per filing = **1,176 hours**

5. Estimated Industry Cost: \$41,889

The Commission estimates that it will take each carrier using staff equivalent to a GS11/Step 5 Federal employee, plus 30% overhead, to comply with the requirement.

7 respondents x 1 filing x 168 hours per filing x \$35.62 per hour = \$41,889

**Total Number of Respondents: 48**

**Total Number of Annual Responses: 26 + 15 + 15 + 7 = 63 responses.**

**Total Annual Hour Burden: 6,396 + 12,660 + 86 + 1,176 = 20,318 hours.**

**Total Estimated In-House Industry Cost: \$227,826 + \$450,949 + \$3,046 + 41,889 \$ = \$723,710**

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

(a) Total capital and start-up cost component (annualized over its expected useful life): \$0.

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05; and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

The reporting requirement will not require the purchase of additional equipment.

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

(c) Total annualized cost requested: \$0.

14. Annualized cost to the Federal government for the entire ARMIS program has been estimated to be approximately \$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.)	\$ 23,650
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 that \$257,004 is spent on the above ARMIS requirements. The cost for the 43-02 is \$198,010, the cost for the 43-05 is \$49,065, and the cost for the 43-07 is \$9,929. This estimate includes the necessary automation equipment, software, supplies and personnel to execute the automated reporting program.

15. The annual burden for this collection is 20,318 hours. The Commission has increased the number of respondents by one (from 14 to 15) to reflect a carrier that was not included in the

prior approval process for ARMIS Report 43-05. The Commission had noted in the *Verizon/Qwest Cost Assignment Forbearance Order* that reporting carriers had committed to collecting and retaining this information and to report the data for a period of twenty-four months from the date of the order. Since there are petitions for reconsideration and applications for review pending, the Commission has not reduced the burden hours per response for these collections. The number of responses was previously 61; the Commission is now reporting an increase of 63 responses. The Commission has also revised its estimate of the total annual hourly burden for the 43-05 collection to 20,318 hours, an increase of 850 hours from the

**The ARMIS USOA Report (ARMIS Report 43-02); The ARMIS Service Quality Report (ARMIS Report 43-05; and, the ARMIS Infrastructure Report (ARMIS Report 43-07)**

19,468 hours previously reported.

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 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 43-02, 43-05, and 43-07 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.

The Commission also notes that the 60 day notice was published incorrectly with the burden estimates in decimal places rather than whole numbers. The correct number for the total annual hours being requested is 20,318 with an increase of 850 hours.

There are no other exceptions to the certification statement in item 19 of the Certification Statement.

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

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