

DEPARTMENT OF TRANSPORTATION

**INFORMATION COLLECTION
SUPPORTING STATEMENT
DISCLOSURE OF CODE SHARING AGREEMENTS
AND LONG-TERM WET LEASES
*OMB Control Number: 2105-0537***

INTRODUCTION

This is to request the Office of Management and Budget's (OMB) renewed three-year approved clearance for the information collection entitled, "Disclosure of Code Sharing Agreements and Long-Term Wet Leases".

Part A. Justification

1. Circumstances that make the collection of information necessary.

Codesharing is the name given to a common airline industry marketing practice where, by mutual agreement between cooperating airlines, at least one of the airline designator codes used on a flight is different from that of the airline operating the aircraft. In one version, two or more airlines each use their own designator codes on the same aircraft operation. Although only one airline operates the flight, each airline in a codesharing arrangement may hold out, market and sell the flight as its own in published schedules. Codesharing also refers to other arrangements where an airline code on a passenger's travel documents (schedule, itinerary, etc.) is not that of the operator of the flight, but where the operator does not also hold out the service in its own name. Such codesharing arrangements are common between commuter or regional airlines and their larger affiliates. In recent years, the number of codesharing arrangements among U.S. airlines and between U.S. airlines and foreign airlines has increased.

A long-term wet lease refers to a leasing arrangement whereby the lessor provides both an aircraft and crew to a lessee dedicated to a particular route(s) under either an agreement that lasts more than 60 days or under a series of such lease agreements that amount to a continuing arrangement lasting more than 60 days. Under these arrangements, the use of one airline's aircraft and crew by another airline might cause confusion that can be prevented by proper disclosure.

The Department recognizes the strong preference of air travelers for on-line service over interline service, that is, service operated by a single airline instead of service operated by multiple airlines. Codesharing arrangements are, in part, a marketing response to this demand for on-line service since these arrangements enable airlines to hold out multi-airline service as on-line service. Often codesharing partners offer services similar to those available for on-line connections with the goal of offering "seamless" service (*i.e.*, service where the transfers from flight to flight or airline to airline are facilitated). For

example, the airlines may locate gates near each other to make connections more convenient or coordinate baggage handling to give greater assurance that baggage will be properly handled.

Airlines also claim that codesharing can help them operate more efficiently because they can reduce costs by providing a joint service with one aircraft rather than operating separate services with two aircraft. Particularly in thin markets, this efficiency can lead to increased price and service options for consumers or enable the use of equipment sized appropriately for the market. Therefore, the Department recognizes that codesharing, as well as long-term wet leases, can offer significant economic benefits.

However, although codesharing and wet-lease arrangements can offer significant consumer benefits, they can also be confusing and misleading unless consumers know that the transportation they are considering for purchase (or have purchased) will not be provided by the airline whose designator code is shown on travel documents and unless they know the identity of the airline on which they will be flying. Also, 49 U.S.C. §41712 authorizes the Department to decide if a U.S. air carrier, foreign air carrier or ticket agent (including travel agents) has engaged in unfair or deceptive practices and to ban such practices. Since issuing 14 CFR 399.88 in September 1985, the Department has dealt with codesharing arrangements and considers the practice to be unfair and deceptive, in violation of 49 U.S.C. §41712, unless consumers are given reasonable and timely notice of the existence of the codesharing arrangement. The growth in the use of codesharing, wet-leasing and similar marketing tools, particularly in international air transportation, led the Department to adopt specific regulations requiring the disclosure of codesharing arrangements and long-term wet leases on March 15, 1999. (14 CFR Part 257)

These regulations required U.S. airlines, foreign airlines and travel agents doing business in the United States, to notify passengers of the existence of codesharing or long-term wet lease arrangements. It also required U.S. airlines, foreign airlines and travel agents to tell prospective consumers, in all oral communications before booking transportation, that the transporting airline is not the airline whose designator code will appear on travel documents and identify the transporting airline by its corporate name and any other name under which that service is held out to the public.

The regulations also require that selling airlines or travel agents provide consumers with a separate written notice at the time of purchase that clearly identifies the segment(s) and the transporting airline by its corporate name or any other name by which that service is held out to the public. If transportation is purchased far enough in advance to allow for prior delivery of travel documents by mail or otherwise, the regulations mandate that written notice be delivered in advance along with the travel documents. If time does not allow for advance delivery of the travel documents, or in the case of ticketless travel, the rules require that the written notice be provided to consumers no later than the time at which they check in at the airport for the first flight in the itinerary. At the purchaser's

request, the written notice may also be delivered in person or by fax, electronic mail, or any other reliable method of transmitting written material.

With regard to the notice requirement for printed advertising regarding codesharing or long-term wet leases arrangements, the Department adopted a final rule, published in the Federal Register on August 4, 2005 (70 FR 44848), that changed the requirements adopted on March 15, 1999. The changes to the regulation require that, in any printed advertisement published in or mailed to or from the United States (including those published through the Internet) for service in a city-pair market that is provided under a codesharing arrangement or a long-term wet lease, the advertisement shall prominently disclose that the advertised service may involve travel on another carrier and clearly indicate the nature of the service in reasonably sized type and shall identify all potential transporting carriers involved in the markets being advertised by corporate name and by any other name under which that service is held out to the public. In any radio or television advertisement broadcast in the United States for service in a city-pair market that is provided under a codesharing or long-term wet lease, the advertisement shall include at least a generic disclosure statement, such as “Some services are provided by other airlines.” Copies of 14 CFR Part 257 and 70 FR 44848 are provided.

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. Thus, while these rules result in a collection of information according to the Paperwork Reduction Act of 1995, the Department specifically notes that the rules do 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.

In fact, no data is collected by the Department of Transportation or any other agency of the federal government. Instead, data is disclosed by the ticket seller to the ticket purchaser. The data is disclosed verbally when the ticket purchase involves personal contact. Therefore the time and cost burdens are based on the verbal disclosure of information for tickets involving an operating carrier that is different from the ticketing carrier. The data is used by the ticket purchaser as part of the overall information about the purchased ticket such as ticket price, departure and arrival times and type of aircraft used for the flights.

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.

2. How, by whom, and for what purpose the information is to be used.

U.S. airlines, foreign airlines, and travel agents will provide oral, written and Internet notification to air travelers containing pertinent information about codesharing and long-term wet leases at the time the consumer is considering the purchase of air transportation and for use during the traveler's journey. 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. Extent of automated information collection.

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 although the American Society for Travel Agents places this estimate higher. According to Airlines Reporting Corporation (ARC), which provides financial settlements services to travel agencies and airlines, 99.75 percent of domestic and international tickets sold in July 2011 were e-tickets.⁴ Taken together, this information suggests that the already high proportion of this data collection that is accomplished through electronic technologies is likely to continue to increase.

4. Describe efforts to identify duplication.

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

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.

⁴ See <https://www.arccorp.com/news/stat/2011-07.jsp>.

5. Efforts to minimize the burden on small businesses.

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.

6. Impact of less frequent collection of information.

There would be no direct consequence to Federal program or policy activities if the disclosure were not required. However, the impact on consumers could be substantial. The Department considers it very important that every air traveler be fully informed of codesharing arrangements and long-term wet leases during all aspects of considering and purchasing transportation, as well as during travel. Also, 49 U.S.C. §41712 authorizes the Department to decide if a U.S. air carrier, foreign air carrier or ticket agent (including travel agents) has engaged in unfair or deceptive practices and to ban such practices. Accordingly, the Department would have to ban the practice unless its criteria for disclosure are met. If the Department were to ban codesharing (or long-term wet lease agreements), the recognized benefits of “seamless” airline service such as the proximity of gate locations, coordinated baggage handling, and the reduced risk of missed connections could be diminished. Economic efficiencies resulting from the operation of a joint service with one aircraft instead of separate services with two aircraft could also be diminished.

Because of the nature of the data collection, it cannot be conducted less frequently. A passenger must be made aware of codesharing or long-term wet lease arrangements each time that the passenger considers a trip where these arrangements exist. 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. As has been stated previously, consumers benefit enormously from codesharing arrangements. In the past, the nature and extent of codesharing was such that use of network name seemed sufficient. However, given the rapid expansion of codesharing to the point that each network is comprised of numerous regional airlines as well as foreign airlines and given the potential complexity of multiple codesharing arrangements in domestic/international flights, we find that the potential for confusion is likely to increase. The best way to protect consumers is to require that agents and airlines provide both the network and corporate names which would provide the most complete information as well as emphasize the codesharing relationship.

The Department has determined that it is impossible to quantify precisely the total benefits of the regulation. However, the Department estimates that hundreds of millions of passengers will travel under codesharing arrangements (or long-term wet leases) during the next few years. To the extent that the rule protects these travelers from being misled or inconvenienced, the passengers are benefited. The airline and travel industries also benefit from increased consumer confidence.

7. Special circumstances.

In order to meet the goal of complete, consistent and timely consumer notification, it is necessary that the regulation apply to each occurrence. Therefore, these regulations 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 these regulations 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 codesharing arrangements and long-term wet leases. A copy of 76 FR 57795 is attached in the Appendix. 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 question 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

We estimate the number of respondents at 16,000, the same as our estimate in 2009. This estimate is based on a variety of current sources and data from Airline Reporting Corporation (ARC), which provides transaction settlement and data information services. Its sales statistics for July 2011 were provided by 195 air carriers and 14,380 retail locations, as well from approximately 2,000 other locations. Because this population includes sales outside the United States for travel that doesn't include the United States, it likely overestimates the number of respondents.

Frequency of response

With regard to frequency, the notification will occur whenever travel involves a codesharing arrangement or long-term wet lease. It is virtually impossible to directly calculate the annual responses solely by considering the number of travel agencies and worldwide airlines since the size of the agencies and airlines vary widely and the amount of codesharing tickets issued by each is not known. Data on the actual number of airline tickets that involved codesharing or long-term wet lease arrangements are not readily available.

For example, the Bureau of Transportation Statistics reported that about 787 million passengers traveled on U.S. airlines and on foreign airlines serving the United States in 2010⁵. The oneWorld alliance announced that eight million passengers transferred between the members' flights during 2009,⁶ although this total represents world-wide travel and passengers and not just those purchasing tickets in the United States. This is one of many alliances and does not necessarily take into account passengers traveling on regional carriers under codeshare agreements.

We analyzed the Department's *Origin-Destination Survey of Airline Passenger Traffic (DB1B)* for fourth quarter 2010 with data from 57 reporting carriers, 35 of which are U.S. air carriers⁷. We discovered that approximately 43 million tickets were issued by reporting carriers during that quarter. Of these, approximately 45 percent involved at least one segment operated by a carrier other than the ticketing carrier (i.e. a codeshare or interline agreement). We further analyzed the Department's *Origin-Destination Survey of Airline Passenger Traffic (DB1B)* for the fourth quarter 2010 and determined that for approximately 15 percent of enplanements the operating carrier and ticketing carrier were different entities. By extension, we estimated that the number of codesharing passengers on-board any given flight generally did not exceed 50 percent of total passengers. Given the range of estimates of annual passengers (between 173 million and 787 million) and no more than 50 percent of passengers traveling on codeshares, we concluded that between 87 million to 397 million passengers per year could be on-board flights where codesharing arrangements *were possible*. For this analysis, we use the average of 286 million passengers to represent frequency of response. We note that some of these numbers are lower than in previous estimates and may reflect the effects of the economic recession. Therefore, we have increased the possible number of passengers affected by codeshare reporting requirements to 300 million.

Burden Estimates

This reporting requirement has been in effect for over fifteen years. At the time the Notice of Proposed Rulemaking as placed in the docket,⁸ 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 this rule, based on increased labor costs (\$30,000) resulting from

⁵ See http://www.bts.gov/press_releases/2011/bts017_11/html/bts017_11.html

⁶ See http://www.oneworld.com/content/factsheet/W1_2011-01%20Introduction%20to%20oneworld.pdf.

⁷ The Origin and Destination Survey (DB1B) is a 10% sample of airline tickets reported by 38 U.S. carriers for fourth quarter 2007.

⁸ Docket No. OST-95-623.

additional talk time of 15 seconds per call for reservation agents and increased telephone line usage charges (\$58,000).⁹ We have used their estimates as a starting point for our cost analysis.¹⁰

We estimate a total annual hourly burden of 618,750 and a total annual cost of \$15.4 million for respondents. On a per ticket basis, the average cost amounted to \$0.16 per ticket for the 99 million codeshare tickets estimated to involve personal contact.¹¹ 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 not prohibitive, particularly given the increase in electronic ticketing and online ticket sales. Furthermore, carriers and travel agencies have had many years to develop reporting systems and the Department has made no changes to its reporting requirements that would result in additional costs to reporting entities.

The Department recognizes that codesharing arrangements and the number of codesharing trips are likely to increase in the future as existing carriers form arrangements with other carriers with whom they have not yet had codeshare agreements. As global airline alliances develop, more codeshare agreements may be created. Alternatively, as airlines merge, codeshare opportunities can decrease. For example, United and Continental used to codeshare on some flights. Now that the carriers have merged, there will be one less codeshare. However, carriers are constrained in their ability to serve all destinations using their own aircraft and will rely on increased codeshare agreements to expand their air service networks. 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 increasing and 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 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 past¹²

⁹ Joint Comments of Midwest Express Airlines, Inc. and Astral Aviation, Inc. d/b/a Skyway Airlines, February 16, 1995, page 5.

¹⁰ 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.

¹¹ The average domestic ticket price in the fourth quarter of 2010 was \$337.00. See http://www.bts.gov/press_releases/2011/bts023_11/html/bts023_11.html.

¹² 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.

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. Up to 80 percent of tickets on Southwest Airlines and 37 percent of tickets on Delta Air Lines are sold through the airlines' own websites.¹³ Other worldwide airlines are experiencing similar trends.

Annual hour burden estimate

Travel agents sell between 33 percent and 51 percent of airline tickets¹⁴ and many 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,¹⁵ 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. In our 2005 Supporting Statement for this collection, we estimated that travelers speaking to a travel agent made an average of 1.5 phone calls per trip.¹⁶ 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 passenger¹⁷ for each passenger who spoke to an agent.

We apply this estimate of 0.375 minutes per passenger to the estimated average number of passengers who may be traveling on a codeshare (300 million), for a total of 1,875,000 hours. We further reduce the total by increased use of internet bookings, estimating that approximately 33% of passengers do, in fact, speak with an agent.¹⁸ Our estimate is for an annual hourly burden of 618,750 hours for the 16,000 respondents. However, it is not possible to determine the burden for an individual respondent.

¹³ See http://www.msnbc.msn.com/id/39689733/ns/travel-business_travel/t/low-cost-carriers-dont-always-mean-cheapest-fares/ and <http://www.tnooz.com/2011/08/05/news/delta-increases-share-by-squeezing-online-travel-agencies-and-metasearch/>.

¹⁴ Travel agents sell about 33 percent of all airline tickets. The US travel agency distribution landscape, hotelmarketing.com, May 21, 2008; American Society of Travel Agents (ASTA) at <http://www.asta.org/News/content.cfm?ItemNumber=1985>

¹⁵ <http://jwa.janes.com/public/jwa/index.shtml>

¹⁶ 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 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.

¹⁷ This calculation is based on 0.25 minutes per call and 1.5 calls per passenger (0.25 minutes plus 0.125 minutes), for a total of 0.375 minutes per passenger.

¹⁸ 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.

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 \$21.87 (salary and fringe benefits) for an agent¹⁹ and 618,750 hours, resulting in total additional costs of \$13.5 million per year. To these amounts, we added the cost of additional telephone line usage based on an average of \$0.05 per minute²⁰ (\$3/hour), for a total of approximately \$1.86 million. Therefore, total annual operating costs for the 16,000 respondents were estimated at \$15.4 million. On a per ticket basis, the average estimated cost is \$0.16 for the 99 million tickets estimated to involve personal contact.

Codesharing information is included in each itinerary record as required by the Department.²¹ As such, we do not estimate additional costs – for respondents or for passengers – for those codeshare tickets that do not involve personal contact with an agent.

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 \$20.²² If ticket processing costs decreased at the same rate between 2002 and 2010 as they did between 1999 and 2002, we would expect processing costs to be approximately \$9.50 (travel agents), \$1.70 (airline websites), and \$10.25 (on-line travel agency sites).

¹⁹ The median hourly wage for travel agents is estimated at \$16.32 (see <http://www.bls.gov/oes/current/oes413041.htm>). We add 34 percent for fringe benefits to estimate total hourly travel agent compensation of \$21.87.

²⁰ 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.

²¹ The Airline Passenger Origin and Destination Survey (DB1B) requires carriers to report (a) the Marketing Carrier (the carrier that issued a flight reservation or ticket under a codeshare agreement), (b) the operating carrier (the carrier engaged directly in the operation of aircraft), and (c) the Reporting Carrier (the carrier that submitted data to the Department). As such, the cost of including such information in electronic itinerary records is already included in the cost of processing a ticket. We do not estimate additional costs for carriers or other respondents to incorporate codeshare information for internet-based reservations.

²² Airline Ticketing: Impact of Changes in the Airline Distribution Industry, GAO Report to Congressional Requesters, GAO-03-749, July 2003.

Because each of these groups has been reporting code sharing 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 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, as the rules have not changed and the reservation systems used by airlines and provided to travel agencies through third-party developers have included codesharing information in their databases for many years.

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 may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

This regulation will not result in any costs to the Federal government since data will not be collected as part of this rule.

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 collection to reflect the following changes: the set of estimated respondents, the number of affected passengers and tickets and the resulting hourly burden, and the hourly cost to respondents. We note that while the hourly cost has increased, based on changes in wages, the number of affected tickets and the estimated number of respondents have 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 increased number of codesharing agreements and global airline alliance participation. This decrease in the total hourly burden is likely due in part to the effects of the recession and the reduction in the number of codeshare airline tickets sold. We also note that several airlines (which had some degree of codeshare relationships in past) have merged, including (a) Delta and Northwest and (b) United and Continental. This reduction in hours, even when combined with an increase in the average hourly compensation for travel agents, results in a cost of compliance per ticket, for both airlines and travel agencies, of \$0.16.

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.

In the opinion of the Department, the nature and frequency of the notification requirements of these regulations make it impossible to display the expiration date for OMB approval for every occurrence.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-1.

There are no exceptions.