

Note: This submission is made pursuant to 44 U.S.C. 3507 to extend an existing collection that is expiring. The Commission has not changed the reporting requirement for this information collection. We note that the Commission has granted AT&T, Verizon, legacy Qwest, and other similarly-situated carriers forbearance from this information collection except for Table III, Columns (fc), (fd), (fe) and (fi). See *Petition of AT&T Inc. 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 FCC Rcd 7302 (2008) (*AT&T Cost Assignment Forbearance Order*), *pet. for recon. pending, pet. for review pending*, NASUCA v. FCC, Case No. 1226 (D.C. Cir filed June 23 2008); *Service Quality Customer Service 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). Despite this forbearance, the Commission seeks OMB approval for the extension of this information collection because petitions for reconsideration and review of those forbearance decisions are currently pending before the Commission and the U.S. Court of Appeals for the DC Circuit.

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 monies.

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 periodic 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 policy proposals. ARMIS Report 43-08 collects network operating data in a consistent format and allows the Commission to monitor network growth, usage, and reliability.

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 regulation 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.

There are no changes to the annual reporting requirement or to the estimated burden for this report. The Commission is requesting OMB approval for an extension (renewal of the previous submission to the OMB.)

The statutory authority for this collection of information is contained in 47 U.S.C. Sections 160, 161, 219(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 has helped the Commission 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 provided in the reports. The data facilitate the timely and efficient analysis of revenue requirements, rates of return and price caps provide an improved basis for auditing and other oversight functions, and 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. Incumbent local exchange carriers (LECs) 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 the same 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 \$148 million are classified as Class A; those falling below that threshold are considered Class B. Class A carriers with annual revenues in excess of \$148 million but less than \$8.757 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 per 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. Subsequent submissions correcting previously filed data are to be filed as soon as the

correction is identified.

7. Incumbent LECs 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 60-day notice was published in the Federal Register pursuant to 5 CFR § 1320.8 (d) on January 29, 2013. See Information Collection(s) Being Reviewed by the Federal Communications Commission, Comments Requested 78 FR 6102.

On March 22, 2013, the United States Telecom Association (USTelecom) filed comments on this pending collection approval as well as two others. In those comments, USTelecom argued that because the FCC granted forbearance from this collection in 2008, the collection “is not ‘necessary for the proper performance of the functions of the agency’ and has no ‘practical utility’ as required under the PRA.” (at 4, quoting 44 U.S.C. § 3506(c)(3)(A); 5 C.F.R. § 1320.5(d)(1). As noted in the Note at the beginning of this Supporting Statement, the Commission has granted AT&T, Verizon, legacy Qwest, and other similarly-situated carriers forbearance from this information collection except for Table III, Columns (fc), (fd), (fe) and (fi). Those forbearance decisions, however, have been challenged in petitions for review that are pending before the U.S. Court of Appeals for the DC Circuit, see Nat’l Assoc. of State Util. Consumer Advocates v. FCC, No. 08-1226 et al. (D.C. Cir. filed June 23, 2008). Because the forbearance decisions are not yet final, we are unpersuaded by USTelecom’s argument that this collection approval is not necessary and has no practical utility. The Court of Appeals on review may reverse the forbearance decisions. If the FCC does not have PRA authority to collect the information for which forbearance had been granted, the Commission in the event of a reversal would have to seek PRA approval anew. Because the PRA process takes a minimum of 120 days, a lapse in the Commission’s PRA authority to collect this information could put the FCC in the untenable position of being unable to comply promptly with the Court of Appeals’ decision. Therefore, it is both necessary and prudent for the FCC to seek PRA approval for this collection until judicial review of the forbearance decisions has been completed.

9. The Commission does not anticipate providing any payment or gifts to respondents.

10. In most cases, ARMIS reports do not require submission of any confidential or commercially-sensitive data. 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. If a respondent finds it necessary to submit confidential or commercially-sensitive data, Section 0.459, 47 CFR contains the procedures for requesting confidential treatment of data.

11. There are no questions that request confidential or sensitive information in this collection.

12. The following represents the best estimate of annual burden hours and the cost burden for the collection of information. We note that the burden hours imposed by the requirement is very

difficult to quantify.

FCC Report 43-08 (Operating Data Report):

1. Number of respondents: 55

In this collection, there is no change in the number of carriers filing this report. As stated above, however, the Commission has granted AT&T, Verizon, legacy Qwest, and other similarly-situated carriers forbearance from this information, except for Table III, columns fc, fd, fe and fi. We seek authority to extend this existing collection because of the pendency of petitions for reconsideration and petitions for judicial review of the Commission's forbearance actions.

2. Frequency of Response: Annual reporting requirement.

3. Total Number of Responses Annually: 55.

55 carriers x 1 response/annum

4. Total Annual Hourly Burden: **7,645 hours.**

The Commission estimates that each respondent takes approximately 139 hours to comply with the requirement.

55 respondents x 139 hours per response = 7,645

5. Estimated Industry Cost: **\$ 272,315.**

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

55 (number of respondents) x 1 (number of filings) x 139 (hours per filing) x \$35.62 per hour = \$272,315.

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:

Employee 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
<u>Filing Equipment</u>	<u>3,125</u>
 Total Annual ARMIS Cost	 \$648,938

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. We note that as a result of the Commission's forbearance actions, the government will not incur all of those costs pending Commission reconsideration and judicial review of those actions

15. No change in burden hours is requested at this time. The annual burden for this collection continues to be estimated at 7,645 hours.

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 reports.

17. The Commission does not seek approval not to display the expiration date of OMB approval based on the Commission's rules. The Commission publishes a list of all OMB-approved information collections with their associated OMB control numbers, titles and OMB expiration dates under 47 C.F.R. 0.408 of the Commission's rules.

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 42.4) 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 employ the use of statistical methods.