

This submission is being made pursuant to 44 USC 3507 to extend an existing collection to the Office of Management and Budget (OMB) in order to obtain the three year approval.

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.

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due to meaningful economic competition between providers of such services and whether such regulations should be repealed or modified.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.

The Commission does not require carriers to retain copies of ARMIS Report 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.

Statutory authority for this collection is contained in Sections 11, 219(b), and 220 of the Communications Act of 1934, as amended, 47 U.S.C. 161, 219(b), and 220.

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 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. This report 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. ILECs are required to file their ARMIS Reports electronically through the Internet. These filings should be submitted through the Commission's Electronic Comment Filing System (ECFS) which can be accessed at <http://apps.fcc.gov/ecfs/>. Carriers and other interested parties will be able to access ARMIS data for reporting year 2014 and later via ECFS. ARMIS data for reporting years prior to 2014 will be available on the Commission's website 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 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 \$150.2 million are classified as Class A; those falling below that threshold are considered Class B. Class A carriers with annual revenues in excess of \$150.2 million but less than \$8.9 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 per 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. The Commission published a 60 day notice in the Federal Register as required by 5 C.F.R. §1320.8(d) on December 19, 2014 (79 FR 75804). No comments were received from the public as a result of this notice.

9. There will be no payments or gifts to respondents.

10. Ordinarily, questions of a sensitive nature are not involved in the ARMIS Annual Summary Report. The 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. There are no questions of a sensitive nature with respect to the information collected.

12. The following represents the estimate of the annual burden hours and the annual cost burden for the collection of information. The annual burden is greatly reduced from past estimates because carriers now file based on consolidated filings on a holding company/affiliated carrier group basis rather than as individual operating companies and because a number of these entities have been granted conditional forbearance from a large part of the reporting requirements. 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 (ARMIS Annual Summary Report):

1. Number of respondents: **53**.

This information is filed on an operating company basis. The change in the number of operating companies is caused by corporate mergers and acquisitions and reorganizations. As stated above, however, the Commission has granted conditional forbearance for this collection and four holding companies (which incorporate several operating companies in each) have applied for and received such forbearance.

2. Frequency of response: Annual reporting requirement.

3. Total Number of Responses Annually: 53.

53 carriers x 1 response/annum = 53.

4. Total Annual Burden Hours: 1,928 Hours.

For those entities that have not applied for forbearance, the Commission estimates that each entity takes approximately 88 hours per response to comply with the requirement.

15 respondents x 88 hours per response = 1,320.

For those entities that have applied for and received forbearance, the Commission estimates that each entity takes approximately 16 hours per response to comply with the forbearance requirement.

38 respondents x 16 hours per response = 608

5. Estimated Industry In-house Cost: \$ 69,832

The Commission estimates that it will take each carrier using in-house staff equivalent to a GS 11/Step 5 Federal employee, plus 30% overhead¹, to comply with the requirement.

15 (number of respondents) x 1 (number of filing) x 88 (hours per filing) x \$36.22 per hour = \$ 47,810.

38 (number of respondents) x 1 (number of filing) x 16 (hours per filing) x \$36.22 per hour = \$ 22,022.

¹ The Commission normally uses the 2015 General Schedule Pay Table with locality payment for the Washington, D.C., Maryland, Virginia and Pennsylvania areas with its submissions, however, the Commission used the 2015 General Schedule (Base) Pay Table with this submission because the respondent pool performing the work is outside of the Metropolitan area. Therefore, the hourly salary for a GS-11/5 employee is \$27.86 per hour. This hourly salary more accurately reflects our estimates of staff performing the work.

The 30% overhead cost of \$8.36 was added to the hourly salary which is \$27.86 + \$8.36 = \$36.22.

\$ 47,810
+22,022
\$69,832 Total In-house Costs

Total Number of Respondents: 53
Total Number of Responses: 53
Total Annual Burden Hours: 1,320 + 608 = 1,928
Total In-house Costs: \$69,832

13. The following represents the Commission’s estimate of the annual cost burden for respondents 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.

(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’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., computer system requirements)	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 43-01 portion to be \$59,578. This estimate includes the necessary automation equipment, software, supplies, and the 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 these costs pending Commission reconsideration and judicial review of those actions.

15. The Commission is reporting adjustments to this information collection since the last submission to OMB. There was an increase in the total number of respondents from 45 to 53 (8 respondents) based on corporate mergers, acquisitions and reorganizations of the operating companies. Also, there was an increase in the total number of annual responses from 45 to 53 (8 responses).

We have adjusted the burdens hours which have decreased from 3,960 to 1,928 (-2,032 burden hours) because carriers now file based on consolidated filings on a holding company/affiliated carrier group basis rather than as individual operating companies and because a number of these entities have met the requirements for conditional forbearance from a large part of the reporting requirements.

16. Data from these reports are placed on-line so that users can easily locate data for particular carrier and/or specific reporting years.

17. The Commission seeks continued OMB approval not to display the OMB expiration date. Display of the expiration date would not be in the Commission's interest because the Commission would have to update the ARMIS report each time this collection is submitted to OMB for approval. That would constitute waste and inefficiency.

18. There are no exceptions to this certification statement.

B. Collections of Information Employing Statistical Methods:

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