

SUPPORTING STATEMENT

OMB No. 2138-0009 14 CFR Part 298 Small Certificated and Commuter Air Carriers

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

The Secretary of Transportation is required by 49 U.S.C. § 329(b)(1) to collect and disseminate information on civil aeronautics, and to continue certain data collection activities of the former Civil Aeronautics Board. Other laws or acts which allow or require the Department of Transportation (DOT) to collect airline data to accomplish program or policy objectives are 49 U.S.C. §§ 1153, 40101, 41708, 41709, 41738 and the Airport and Airway Improvement Act of 1982.

2. Indicate how, by whom, and for what purpose the information is to be used. Indicate the actual use the agency has made of the information received from the current collection.

14 CFR Part 298 requires small certificated and commuter air carriers to submit financial and statistical data to the Department. The Bureau of Transportation Statistics collects the data on the two quarterly schedules listed below, that comprise Form 298-C *Report of Financial and Operating Statistics for Small Aircraft Operators*. The data elements collected for these reports are:

F-1 REPORT OF FINANCIAL DATA

F-2 REPORT OF AIRCRAFT OPERATING EXPENSES
AND RELATED STATISTICS

Small certificated air carriers submit both quarterly reports while commuter air carriers submit only the Schedule F-1.

While other Federal agencies from time-to-time use the data for various needs, we have listed here those programs that use the data on a recurrent basis.

The data are used by the following agencies, for the following purposes:

DEPARTMENT OF TRANSPORTATION

- * Intra-Alaska Bush mail Rates
- * Initial Air Carrier Fitness
- * Continuing Air Carrier Fitness
- * Airline Industry Status Evaluations
- * Monitoring the collection of Passenger Facility Fees

NATIONAL TRANSPORTATION SAFETY BOARD

- * Analysis of Safety Levels in Commercial Aviation

DEPARTMENT OF COMMERCE

- * Preparation of National Income and Products Accounts
- * Preparation of Input-Output Accounts
- * Preparation of Gross Domestic Product by Industry

DEPARTMENT OF JUSTICE

- * Antitrust Analysis

DEPARTMENT OF ENERGY

- * Monitoring of Industry Fuel Consumption for Emergency Preparedness Planning

PROGRAM USES

Intra-Alaska Bush mail Rates

Intra-Alaska Bush Mail rates are set and updated by DOT based on carrier expense, traffic, and operational data. Form 298-C cost data, especially fuel costs, terminal expenses and line haul expenses are used in calculating rate levels. DOT revises the established rates based on the percentage of unit cost changes in the carriers' operations. These updating procedures have resulted in the carriers receiving rates of compensation that closely parallel their costs of providing mail service and contribute to the carriers' economic well-being.

Initial and Continuing Air Carrier Fitness

Fitness determinations are made for both new entrants and established U.S. domestic carriers proposing a substantial change in operations. Carriers must submit an operating plan for the first

year and project revenues and expenses. The carrier's operating costs are compared against the cost data in the Form 298-C data base. This review validates the reliability of the carrier's operating plan.

The quarterly financial submissions by are used in determining a carrier's continuing fitness to operate. Title 49 U.S.C. §41738 requires DOT to find all commuter air carriers fit, willing and able to conduct passenger service as a prerequisite to providing such service to an eligible essential air service point. In making a fitness determination, DOT reviews three areas of a carrier's operation: (1) the qualifications of the management team, (2) the company's disposition to comply with laws and regulations, and (3) the company's financial posture. DOT must be able to determine that a carrier has sufficient financial resources to conduct its operations without imposing undue risk on the traveling public. Moreover, once a carrier is operating as a commuter, DOT is required to monitor its continuing fitness.

Form 298-C financial data are reviewed in connection with an air carrier's financial condition as evidenced by reported losses, consumer complaints about cancelled flights and problems in obtaining passenger refunds. Form 298-C reports play a major role in the identification of problem carriers. Data comparisons are made between current and past periods in order to assess the current financial position of the carrier. Financial trend lines are extended into the future to analyze the continued viability of the carrier.

Airline Industry Status Evaluations

The Department apprises Congress, the Administration and others of the effect major changes or innovations are having on the air transportation industry. For this purpose, summary traffic and capacity data as well as the detailed market data are essential. These data must be timely and inclusive to be relevant for analyzing emerging issues and must be based upon uniform and reliable data submissions that are consistent with the Department's regulatory requirements.

Monitoring the Collection and Remittance of Passenger Facility Charges

Each quarter the carriers must report their beginning and ending balances for fees collected on the behalf of eligible airports, the amount of fees collected, the amount of fees remitted to the FAA, and the amount of fees refunded to passengers for cancelled flights.

Department of Commerce

The Bureau of Economic Analysis (BEA) uses Form 298-C data in preparing the input-output accounts which trace the purchases and sales amongst all industries in the economy and serve as the benchmark for the estimates of the gross domestic product.

BEA uses total operating revenue data from Form 298-C, Schedule F-1 to prepare its output estimates for the benchmark input-output (I-O) accounts. In addition, data on total operating expenses are used to review estimates for benchmark I-O accounts. The I-O accounts, in turn, serve to benchmark the estimates of gross domestic product.

Department of Justice

The Justice Department conducts antitrust analysis on airline mergers, acquisitions and agreements when the transaction has the potential to substantially reduce competition. DOJ determines whether a merger, acquisition or agreement will allow carriers to raise prices above competitive levels by reducing output.

Department of Energy

DOE uses air carrier fuel data in monitoring industry fuel consumption for emergency preparedness.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submissions of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.

In developing the reporting requirements, we have attempted to ensure that the form and format of the data collection are designed to minimize the burden of the reporting carriers. Carriers submit electronically, in lieu of hardcopy reports, 100% of their Form 298-C data via a secure, web-based application (e-submit).

4. Describe efforts to identify duplication. Show specifically why similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The Securities and Exchange Commission (SEC) collects similar data from publicly held companies. However, only about 5 percent of commuter and small certificated air carriers are publicly held companies. This small percentage of carriers reporting to SEC precludes use of SEC reports for DOT analytical purposes.

5. If the collection of information impacts small businesses or other small entities, describe efforts to minimize burden.

The Form 298-C reporting system was devised as a less burdensome alternative to the Form 41 report, which is required from large certificated air carriers. The Form 298-C data collection only contains those data items needed by the Department to perform its continuing regulatory responsibilities.

6. Describe the consequence to the Federal Program or policy activities if the collection were not collected or conducted less frequently.

Less frequent data collection would seriously erode DOT's ability to monitor the condition of the air transport industry. The timeliness and frequency of data collection are critical in evaluating trends as well as monitoring individual carrier operations. The filing frequencies were chosen after careful analysis which balanced the degree of reporting burden against DOT's need for current data to oversee the air transportation industry.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, government contracts, grant-in-aid, or tax records for more than 3 years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**

- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

The reporting requirements of 14 CFR Part 298 are consistent with the guidelines stated above.

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 the notice and describe actions taken by the agency in response to these comments.

The 60 day notice was published on January 23, 2018 (83 FR 15, Page 3257). No comments were received. The 30 day notice was published on Monday, April 2, 2018 (83 FR 63, Page 14102). See Docket ID Number DOT-OST-2014-0031.

9. Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.

No payment or gift of any kind is being made to any respondents.

10. Describe any assurances of confidentiality provided to respondents.

Schedule F-1 *Report of Financial Data* is withheld from public disclosure for a 3-year period. Due to the size of the carriers and the competitive nature, immediate disclosure could cause competitive harm.

11. Are there any questions of a sensitive nature?

There are no questions of a sensitive nature.

12. Provide estimates of reporting burden.

We estimate that the reporting burden for the entire Form 298-C reporting system will vary between 4 hour and 12 hours per quarter per air carrier depending upon the individual carrier. The average carrier should have a quarterly average reporting burden of 8 hours. The current numbers of respondents are: Small certificated air carriers (29) and commuter air carriers (35)

Schedule F1:

Number of Respondents: 64

Number of Annual responses: 256

Total Burden Per Response: 4 hours

Total Annual Burden: 1,024 hours

Schedule F2:

Number of Respondents: 29

Number of Annual responses: 116

Total Burden Per Response: 12 hours.

Total Annual Burden: 1,392 hours

Total Yearly Reporting Burden = 2,416 hours.

13. Provide an estimate of cost to the respondents. Do not include the cost of any hour burden shown in items 12 and 14. General estimates should not include purchase of equipment or services or portions thereof made prior to October, 1995.

We estimated the cost to industry to be \$269,533. This equates to:

F1 = \$114,176 (114,176/256 annual responses = \$446 per response (64 respondents X 4 responses per year))

F2 = \$155,357 (115,357/116 annual responses = \$1,339 per response (29 respondents X 4 responses per year))

This consists of manpower time to compile the data and internet costs to submit electronically.

14. Provide estimates of annualized cost to the Federal Government.

Federal Costs

Manpower	\$87,000
Information Technology	<u>\$29,600</u>
Total Government Cost	\$116,600

15. Explain the reasons for any program changes or adjustments in Items 13 or 14 of OMB 83-I.

For Item 13, because there was an increase in the number of Commuter Carriers who are willing and able to provide scheduled passenger service as a commuter air carrier using small aircraft pursuant to 14 CFR Part 135 of the Federal Aviation Regulations, the number of respondents required to report the F1 *Financial* reports is increased from 53 carriers to 64.

16. Is the information received published?

No.

17. Is the agency seeking approval not to display the expiration date for OMB approval?

No.

18. Exceptions to the Paperwork Reduction certification statement.

There are no exceptions.

MISSION STATEMENT

The Department of Transportation (DOT) relies on the Form 298-C reporting system to fulfill its strategic plan. The Department monitors and studies the movement of aircraft and passengers through the national air space system to ensure safe and efficient operations. DOT must assure that the operating air carriers are financial fit enabling them to meet safety standards. DOT is committed to guide and oversee America's air transportation system today and into the future by taking note of statistical trends and identify airport utilization.

DOT is committed to developing transportation policies and programs that contribute to providing fast, safe, efficient and convenient transportation at the lowest cost. DOT performs an essential role as a catalyst for improving the quality of decisions affecting the transportation sector. In this role, DOT serves as a facilitator by providing better information to both the public and private sectors. Five economic trends impact transportation. They are globalization of commerce, growing attention to logistics in the production process, greater reliance on private investment in the transportation industry and the rise of competing and complementary technologies. There will be accelerated application of advanced information technologies, competitive techniques, and traffic flow information systems within the air transportation industry. These information-related technologies will enable the collection, management, integration, and distribution of more transportation information in less time with better accuracy and broader application.