

ORIGINAL

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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APR 21 1992

Federal Communications Commission  
Office of the Secretary

In the Matter of )  
 )  
Petition for Rulemaking to Modify )  
the Regulatory Treatment of )  
COMSAT World Systems' Multi-Year )  
Fixed-Price Carrier-to-Carrier )  
Contract-Based Switched Voice Services )

RM No. 7913

REPLY COMMENTS OF BRIGHTSTAR COMMUNICATIONS

Brightstar Communications, Ltd. ("Brightstar"), by its undersigned attorneys and pursuant to section 1.405(b) of the Commission's Rules, hereby files these reply comments on the above-captioned Petition for Rulemaking ("Petition") filed by Communications Satellite Corporation ("COMSAT") acting through its World Systems Division.

As a general principle, Brightstar supports the elimination of unnecessary or ineffective regulatory constraints. In the instant case, however, Brightstar concurs in the concerns expressed by other commenting parties that Comsat's proposal for the selective implementation of "incentive-based" regulation could redound to the detriment of users of the Intelsat system who contract with Comsat for services other than long-term, contract-based, fixed-price switched voice services.

Brightstar is one of Comsat's largest customers for International Television Service ("ITS"), currently leasing three full-period transponders on the Intelsat 332.5 AOR spacecraft. Brightstar shares the concern articulated by both the U.S.

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television networks and IDB Communications in their comments<sup>1</sup> that the institution of price-cap regulation for certain switched-voice services, while keeping other jurisdictional services, such as ITS, subject to traditional rate-of-return regulation, could create an incentive for Comsat to shift costs to such other services.

Comsat attempts to argue in its Petition, at 19, that customers for other services of Comsat, including ITS, would not subsidize an unfair share of costs as a result of the regulatory amendment because such other services are today "fully competitive." This sweeping statement appears to Brightstar as a frail and unsound premise upon which to base the potentially profound regulatory adjustment Comsat seeks.

As has been effectively argued by both the U.S. networks (at 6-7) and IDB (at 3-5), Comsat's reliance on the elimination of circuit loading guidelines and the deployment to date of transoceanic fiber optic cables appear to have little relevance to the competitive marketplace for international television services. Moreover, Comsat's assertion (at 19), that "users will be safeguarded from cost shifting by the accounting system and cost allocation procedures which the Commission has crafted for COMSAT" requires more refined explication. Precisely what "accounting system and cost allocation procedures" Comsat claims the Commission has adopted to protect the interests of ITS and IBS customers

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<sup>1</sup> Comments of Capital Cities/ABC, CBS, NBC, and TBS, filed April 6, 1992; Comments of IDB Communications Group, Inc., filed April 6, 1992.

should, in Brightstar's opinion, be spelled out so that it may be properly evaluated in the rulemaking process.

Comsat makes it clear that its ultimate objective in this matter is to achieve a state of "substantial deregulation" to allow it to compete more effectively in the international marketplace (Petition, at 3). Yet, it requests at this time only a "limited modification" of its existing regulatory framework in the hope of securing what it terms "expeditious relief" (Petition, at 4).

The piece-meal implementation of deregulatory objectives of the scope contemplated here by Comsat does not appear to Brightstar as either the most legitimate or equitable means of proceeding. The interests of all Comsat's customers -- not just one select group -- should be weighed in this process. Here, Comsat seeks a reduced form of regulation regarding that category service over which it exercises the tightest, monopolistic control at this time. This does not seem logically the right place to begin. As IDB has summed it up (at 3), Brightstar "does not believe that Comsat has made an adequate showing that cross-subsidization will not occur."

WHEREFORE, Brightstar respectfully requests that the Commission carefully consider the potentially deleterious impact on non-switched-voice customers of Comsat which the proposed rulemaking could bring about.

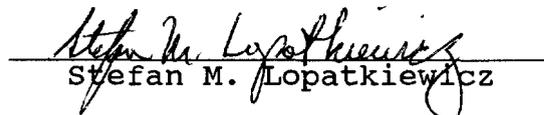
Respectfully submitted,

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April 21, 1992

CERTIFICATE OF SERVICE

I, Brigitte L. Adams, hereby certify that on this 21st day of April 1992, copies of the foregoing REPLY COMMENTS OF BRIGHTSTAR COMMUNICATIONS were served on the following by regular U.S. mail, postage prepaid:

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