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THE CHAIRMAN

MAY 6 1992

FILE

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RM-7913

9201167

MAY - 7 1992

Honorable Donald L. Ritter
House of Representatives
2202 Rayburn House Office Building
Washington, D.C. 20515-3815

Federal Communications Commission
Office of the Secretary

EX PARTE OR LATE FILED

Dear Congressman Ritter:

Thank you for your letter regarding the petition for rulemaking filed by Communications Satellite Corporation (COMSAT). As you observe, COMSAT seeks a change in the Commission's Rules that would "cap" its current rates for multi-year carrier switched-voice services.

In a March 5, 1992 Public Notice, the Commission requested comment on the COMSAT petition. We have received comments from Sprint Communications Company L.P.; IDB Communications Group, Inc.; MCI Telecommunications Corporation; Pan American Satellite; and American Telephone and Telegraph Company.

The Commission is reviewing the comments and plans to address this matter expeditiously. I believe that the concerns expressed in your letter will assist us in reaching a decision on the request for rulemaking. We all seek a course of action that will result in a reasonable and fair solution for COMSAT which best serves the public interest.

Sincerely,

Alfred C. Sikes
Chairman

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Congressional

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AND REPLY FOR DOCKET FILE, ROOM 222.

CONGRESSIONAL CORRESPONDENCE TRACKING SYSTEM
04/14/92

LETTER REPORT

CONTROL NO.	DATE RECEIVED	DATE OF CORRESP	DATE DUE	DATE DUE OLA(857)
9201167	04/14/92	04/09/92	04/27/92	04/23/92

TITLE	MEMBERS NAME	REPLY FOR SIG OF
Congressman	Don Ritter	ACS

CONSTITUENT'S NAME	SUBJECT
personal view	COMSAT international rule making

REF TO	REF TO	REF TO	REF TO
CCB	TARF		

DATE	DATE	DATE	DATE
04/14/92	4/14/92		

REMARKS:

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Congress of the United States
House of Representatives
Washington, DC 20515

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April 9, 1992

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LEGISLATIVE AFFAIRS
OCFA

DON RITTER
15TH DISTRICT, PENNSYLVANIA

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ENVIRONMENT
VICE CHAIRMAN

The Honorable Alfred C. Sikes
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

Dear Chairman Sikes:

On January 30, 1992, COMSAT Corporation filed a petition for rulemaking, seeking adoption of incentive-based regulation for all switched voice service under long-term contract with its carrier customers.

While the FCC has focused on a revised regulatory regime for the Local Exchange Carriers and AT&T, it has been almost seven years since COMSAT's regulatory status has been reviewed. Since that time, restrictions on separate satellite systems have been lifted and fiber optic cable has emerged as a strong international competitor to COMSAT.

In fact, fiber optic cable capacity is expected to equal or exceed that of the INTELSAT satellite systems on Atlantic, Pacific and Caribbean routes by the end of 1993. In addition, balanced loading guidelines which guaranteed traffic for COMSAT as recently as 1988, are no longer in place. As a result, COMSAT predicts in its filing that market share for switched voice traffic, which was approximately sixty percent in the mid-1980's, is expected to approach fifty percent in 1992. All this makes for a highly competitive marketplace.

Implementation of the incentive based regulatory regime will allow COMSAT to respond to the needs of the marketplace through pricing flexibility in the face of stiff competitive pressures.

For these reasons, I urge you to carefully and expeditiously consider COMSAT's petition.

Sincerely,

DON RITTER
Member of Congress

DR/jb