

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Assessment and Collection of Regulatory	)	MD Docket No. 19-105
Fees for Fiscal Year 2019	)	

**REPLY COMMENTS OF CENTURYLINK**

In these reply comments, CenturyLink responds to the comments of the North American Submarine Cable Association and the SEA-US Licensees (NASCA), which propose to reduce fees for submarine cables and to allocate those fees to others that currently pay fees to cover the expenses of the International Bureau (IB).<sup>1</sup>

NASCA, pointing to the Commission’s data on Full Time Equivalents (FTEs), asserts that submarine cables bear a disproportionately high share of the total burden for IB-related fees.<sup>2</sup> NASCA explains that this excessive burden results from the fact that the revenue requirement previously associated with international bearer circuits and now divided between submarine cables and terrestrial and satellite international bearer circuits is too high.<sup>3</sup> NASCA accordingly proposes the Commission reduce the fees paid by submarine cables and recover the difference from “other categories of IB payors.”<sup>4</sup>

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<sup>1</sup> See Comments of the North American Submarine Cable Association and the SEA-US Licensees at 5-12 (NASCA Comments).

<sup>2</sup> See *id.* at 8-11.

<sup>3</sup> See *id.* at 11-12.

<sup>4</sup> *Id.* at 13.

CenturyLink agrees with NASCA that the total amount of fees assigned to the former international bearer circuit category, and now divided among submarine cables and terrestrial and satellite international bearer circuits, remains too high. Two points, however, bear emphasis.

*First*, to the extent that the Commission reduces fees on submarine cables—and it should—the Commission should do so by assigning those fees to payors other than terrestrial international bearer circuits. By the same token, if the Commission maintains a combined fee category for satellite and terrestrial international bearer circuits category, it should not assign the re-allocated submarine cable fees to that category.

NASCA’s own comments demonstrate why. NASCA argues that the fees assigned to submarine cables should be reduced because they are disproportionate to the number of FTEs attributable to the Commission’s submarine cable-related activities.<sup>5</sup> At the same time, however, NASCA observes that “the Commission has never clearly identified any direct FTEs associated with [any type of international bearer] circuits.”<sup>6</sup> Accordingly, if the Commission reduces fees for submarine cables based on NASCA’s FTE advocacy, it should assign them to categories of IB payors other than any category that would include terrestrial international bearer circuits.

*Second*, adopting NASCA’s proposal would not preclude the Commission from also adopting CenturyLink’s proposal that the Commission update the allocation of fees collected from the former international bearer circuits category—now divided into the submarine cable category and the satellite and international bearer circuit category in the familiar 87.6%-12.4%

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<sup>5</sup> *Id.* at i.

<sup>6</sup> *Id.* at 11.

split—to a more reasonable 98.3%-1.7% distribution.<sup>7</sup> In fact, NASCA’s comments support CenturyLink’s view that the fees paid by terrestrial international bearer circuits are too high.

NASCA correctly observes that the historical 87.6%-12.4% split between submarine cables and non-submarine international bearer circuits is not the cause of any overcollection from submarine cables.<sup>8</sup> Adjusting that split as CenturyLink proposes need not result in any overcollection either. Indeed, NASCA’s calculations of the fees it proposes for submarine cables are based on the number of IB FTEs assigned to submarine cable-related activities as compared to the number of IB FTEs assigned to other activities, and do not depend on or take into account the split between cable and non-cable circuits, whether 87.6%-12.4% or otherwise, at all.<sup>9</sup>

Notably, then, a reduction in fees for submarine cables along the lines NASCA proposes would result in a long-overdue reduction in the fees for terrestrial IBCs if the Commission merely maintained the outdated 87.6%-12.4% split between submarine cables and non-cable IBCs.<sup>10</sup> The excessive fee burden on submarine cables NASCA has identified thus compounds the harm to providers of terrestrial bearer circuits caused by the inappropriate 87.6%-12.4% fee division. Non-submarine IBCs should pay a 1.7% share of the total fee for submarine cables and

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<sup>7</sup> See CenturyLink Comments at 3. The Commission’s calculated revenue requirement for the combination of satellite and terrestrial IBCs and submarine cables is \$7,264,393. See *Assessment and Collection of Regulatory Fees for Fiscal Year 2019*, MD Docket No. 19-105, Notice of Proposed Rulemaking, FCC 19-37, App. A (rel. May 8, 2019) (NPRM). A 1.7% allocation of that total burden would equal approximately \$123,495.

<sup>8</sup> NASCA Comments at 11.

<sup>9</sup> See *id.* at 12-13.

<sup>10</sup> NASCA calculates that under its proposal, submarine cables would bear \$2,645,071 in fees. *Id.* at 13 & n.23. Applying the historical allocation between submarine cables and other IBCs, the other IBC category would pay approximately \$374,416, as compared to the \$900,785 revenue requirement in the NPRM. See NPRM App. A.

non-submarine IBCs, and that total fee itself should be adjusted downward to impose a lower, more appropriate fee on submarine cable providers.<sup>11</sup>

Additionally, NASCA's comments themselves suggest that the fees for terrestrial international bearer circuits are too high and provide yet another basis for concluding so. NASCA's position is that fees should be assigned to payor categories in proportion to the FTEs that are assigned to those types of payors.<sup>12</sup> As NASCA notes, the Commission's FTE data indicates that there are 28 direct FTEs in IB, 27 of which were assigned to either satellite and earth station regulatees, and one of which was assigned to the front office without an allocation to specific regulatees.<sup>13</sup> Even if that single front office FTE were split across all five current categories of payors evenly (which itself would be inappropriately burdensome for terrestrial IBC regulatees), under NASCA's approach, the existing combined satellite-terrestrial IBC fee category should be responsible for no more than one-fifth of one FTE of the total 28 FTEs, or approximately 0.71% of all IB fees—about \$180,277.<sup>14</sup>

NASCA's comments thus, far from undermining CenturyLink's proposal, only underline the need for reforms to lower the excessive fee burdens on providers of terrestrial international

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<sup>11</sup> If the Commission were to adopt NASCA's proposal that submarine cables pay \$2,645,071, and also were to recalibrate the fees between submarine cables and terrestrial and satellite international bearer circuits as CenturyLink recommends, the terrestrial and satellite bearer circuit category revenue requirement would be approximately \$45,744.

<sup>12</sup> See NASCA Comments at i ("The Commission should ... align the submarine cable system fee with the Commission's FTE data.").

<sup>13</sup> See *id.* at 10.

<sup>14</sup> The total revenue requirement for all IB-related payors is \$25,391,100, see NPRM App. A; 0.71% of that amount is \$180,277. CenturyLink would not object if the Commission were to assess that amount on the combined satellite and terrestrial international bearer circuit fee category for 2019. It would also be consistent with NASCA's approach to entirely eliminate fees for terrestrial international bearer circuits; CenturyLink would support such a reform as well.

bearer circuits. Accordingly, even if the Commission elects not to adjust submarine cable fees as proposed by NASCA, or does not adjust them as substantially as NASCA requests, it should adjust the relationship of fees for submarine cables and terrestrial and satellite international bearer circuits consistent with CenturyLink's proposal.

Respectfully submitted,

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