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Via ECFS

July 24, 2019

Marlene H. Dortch
Secretary
Federal Communications Commission
455 Twelfth Street, S.W.
Washington, D.C. 20554

**Re: MD Docket No. 19-105, *In re: Assessment and Collection of
Regulatory Fees for Fiscal Year 2019***

Dear Ms. Dortch:

Yesterday, the following representatives of INCOMPAS and certain of its member companies, together with the undersigned (collectively, “INCOMPAS”), met with members of the Commission’s Office of the Managing Director and International Bureau to discuss issues raised in the comments filed by INCOMPAS in the above-referenced docket: Angie Kronenberg, Chief Advocate and General Counsel, INCOMPAS; Paula Boyd, Senior Director, Government and Regulatory Affairs, Microsoft Corp.; and Jarrett Taubman, Public Policy Manager, Connectivity & Access, Facebook Inc. Commission staff at the meeting consisted of Thomas Buckley (by phone), Roland Helvajian, Mika Savir, and Sally Stone of the Office of the Managing Director; and David Krech and Kim Cook of the International Bureau.

During the meeting, INCOMPAS expressed concern over the Commission’s proposed 28 percent increase in regulatory fees for submarine cable licensees in Fiscal Year 2019, noting that this proposed increase does not align with the requirement in the Communications Act that adjustments in regulatory fees “take into account factors that are reasonably related to the benefits provided to the payor of the fee by the Commission’s activities.” 47 U.S.C. § 159(d). INCOMPAS also noted that the capacity-based “Consensus Proposal” that the Commission plans to continue to use to apportion regulatory fees across submarine cable licensees was not adequately explained in the Commission’s *Notice of Proposed Rulemaking* in the docket, does not reflect the views of a majority of submarine cable licensees today, and does not take into account changes that have occurred in the market for submarine cables over the past ten years. All of the concerns expressed were consistent with the comments filed by INCOMPAS in the record in this proceeding.

In the course of the discussion, INCOMPAS also came to understand that a meaningful portion of the increase in regulatory fees being proposed for International Bureau licensees (and thus submarine cable licensees) relates to the Commission’s creation last year of an Office of Economics and Analytics (“OEA”), which removed a number of “Full Time Employees” (“FTEs”) from the various Bureaus in which they previously resided and placed them in the new OEA,

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spreading their indirect cost across the various Bureaus that collect regulatory fees from licensees – regardless of the extent to which that Bureau or its licensee relies on or benefits from the activities of the OEA. Because the International Bureau previously did not rely with any frequency or regularity on the services provided by those that today work in the OEA, this had the effect of increasing the International Bureau's indirect costs substantially, and the Bureau in turn now must look to recover those costs from the licensees that it regulates.

INCOMPAS noted during the meeting that this form of cost shifting – which the Commission did not make readily apparent to licensees when it created the OEA – unfairly places a disproportionate burden on submarine cable licensees because the activities of the OEA seldom focus on submarine cable issues. INCOMPAS urges the Commission to reconsider how it allocates the indirect costs of the OEA so that its costs do not disproportionately burden any Bureau or group of licensees that do not routinely benefit from its activities. The Commission also should keep track of the extent to which the resources of the OEA are used by the International Bureau, as well as submarine cable licensees. If the resources of the OEA are used more heavily by or benefit other Bureaus or licensees, then a greater portion of the indirect costs of the OEA should more appropriately be borne by those entities.

Any questions concerning this submission should be addressed to the undersigned.

Respectfully submitted,

/s/ Yaron Dori

Yaron Dori
Counsel for INCOMPAS

cc: Thomas Buckley
Roland Helvajian
Mika Savir
Sally Stone
David Krech
Kim Cook
Angie Kronenberg
Paula Boyd
Jarrett Taubman