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FILED ELECTRONICALLY

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Notice of Oral *Ex Parte* Presentation – Assessment and Collection of Regulatory Fees for Fiscal Year 2019, MD Docket No. 19-105

Dear Ms. Dortch:

On August 7, 2019, representatives of satellite companies met with Nirali Patel, Wireline Advisor to Chairman Pai, to discuss the above-referenced proceeding.¹ The satellite company representatives attending the meeting were Petra Vorwig of SES, Karis Hastings, outside counsel for SES, Cynthia Grady of Intelsat, Jennifer Manner of EchoStar/Hughes, and Joe Godles, outside counsel for Telesat. The satellite company representatives argued that the fee increase proposed in the NPRM for geostationary orbit (GSO) space stations is unwarranted and urged the Commission to freeze the GSO regulatory fee at the 2018 level pending future actions to reassess the appropriate allocation of fees among satellite service categories. The attached talking points formed the basis of the discussion.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Karis A. Hastings

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Attachment

cc: Nirali Patel

¹ *Procedures for Assessment and Collection of Regulatory Fees and Assessment and Collection of Regulatory Fees for Fiscal Year 2008*, Notice of Proposed Rulemaking, MD Docket Nos. 12-201 & 08-65, FCC 12-77 (rel. July 17, 2012) (the "NPRM").

Satellite Operator FY2019 Regulatory Fees Talking Points

- The regulatory fee for geostationary satellites proposed in the FY2019 NPRM is excessive and conflicts with the Commission's statutory obligation to align fees with the benefits provided to the payor of the Commission's regulatory activities. To redress this imbalance the FCC should cap the GSO fee at the FY2018 level pending further action to reassess the correct allocation of fee burdens among satellite services categories.
- The NPRM proposes to increase GSO space station fees by 25% to \$159,625 per satellite, adding up to \$15,643,250 – more than 86% of the total to be collected from satellite service licensees.

In contrast:

- NGSO operators would pay \$154,875 per constellation, adding up to \$1,084,125, less than 6% of the satellite service total.
 - Earth station operators would pay \$425 per call sign, adding up to \$1,402,500, less than 8% of the satellite service total.
- These proportions are rooted in historic allocations that do not take into account intervening changes in relative levels of activity on satellite service issues.
 - The GSO industry is mature, and Commission regulatory efforts are limited and decreasing.
 - The NGSO industry has been growing exponentially, and the Commission has devoted increasing resources on NGSO matters, conducting processing rounds with multiple applicants for Ku/Ka-band and V-band systems and several rulemakings focused solely or primarily on NGSO issues, including IB Docket Numbers 18-86 (small satellites); 18-313 (orbital debris); and 16-408 (NGSO FSS).
 - Earth station matters have also generated a higher level of Commission efforts, with a number of rulemakings specific to earth station operations including two recent Earth Stations in Motion proceedings - IB Docket Numbers 18-315 (NGSO ESIMs) and 17-95 (GSO ESIMs).
- Under the RAY BAUM'S ACT, the Commission continues to be obligated to set fees based on "the full-time equivalent number of employees" with adjustments "to take into account factors that are reasonably related to the benefits provided to the payor of the fee by the Commission's activities."

- The NPRM's proposal to continue the assignment of 86% of satellite service fees to GSOs, with only 6% assigned to NGSOs and 8% to earth stations, patently does not comply with this standard.
- The Commission has been aware that the allocation of fee burdens among satellite service categories requires revision for years.
 - The Satellite Industry Association (a consensus organization whose members include both space and earth station operators) has been urging the Commission to undertake a cost-based rebalancing of fees and raise earth station fees since at least February of 2014.
 - The FCC made modest changes in response to these arguments but deferred a more comprehensive reassessment for future years.
- That was years ago. The satellite operators do not have access to the cost data needed to propose a fair allocation of fees among the GSO, NGSO, and earth station categories, and the Commission cannot continue to charge GSO regulatory fees based on out-of-date allocations and do nothing to develop a record that would reveal the appropriate percentages in today's environment.
 - The Commission certainly must commence the necessary analysis to reset the allocations among satellite service categories for future years.
 - Pending that review, however, the Commission should freeze GSO fees at FY2018 levels and recover the remaining revenue requirement proposed for GSO fees as an indirect cost instead.
- There is ample precedent for such a freeze.
 - Regulatory fees for the paging industry have been frozen since 2002, and the NPRM proposes to continue that freeze for FY2019. Importantly, the basis for the fee relief for paging is a declining customer base, not a finding that the Commission's regulatory costs remain at 2002 levels.
 - The case for freezing GSO regulatory fees has a much stronger statutory basis, since the fee as proposed clearly does not reflect the benefits provided to GSO payors by the Commission's regulatory activities.