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

In the Matter of	)	
	)	
Amendment of Section 2.106 of the Commission's Rules to Allocate Spectrum at 2 GHz for Use by the Mobile-Satellite Service	))))	ET Docket No. 95-18 RM-7927

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COMMENTS OF TELEDESIC CORPORATION

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SUMMARY

Teledesic Corporation ("Teledesic"), by its attorneys and pursuant to Section 1.415 of the Rules and Regulations of the Federal Communications Commission ("FCC" or "Commission"), respectfully submits the following comments in response to the Commission's Notice of Proposed Rulemaking in the above-captioned proceeding. Amendment of Section 2.106 of the Commission's Rules to Allocate Spectrum at 2 GHz for Use by the Mobile-Satellite Service, Notice of Proposed Rulemaking, ET Docket No. 95-18, FCC 95-39 (released Jan. 31, 1995) ("NPRM"). In the NPRM, the Commission proposes to allocate the 1990-2025 MHz (Earth-to-space) and the 2165-2200 MHz (space-to-Earth) bands (collectively "the 2 GHz band") to the mobile-satellite service ("MSS"), consistent with the international table of allocations. Specifically, the Commission seeks comment on whether the 2 GHz band should be allocated for MSS to both geostationary ("GSO") and non-geostationary ("non-GSO") systems or exclusively to one type of satellite system. In this regard, the Commission tentatively concludes that the 2 GHz band should be allocated for use by both GSO satellites and non-GSO satellites. The Commission also proposes to allocate the 2 GHz band solely for MSS and to award licenses for the 2 GHz band through use of a competitive bidding procedure.

The FCC should take the opportunity presented to it in this NPRM, as well as future rulemaking proceedings, to abandon the fiction that a distinction exists between the fixed-satellite service ("FSS") and the MSS with regard to non-GSO satellite systems and to allocate spectrum for non-GSO satellite systems. Additionally, in allocating spectrum for non-GSO systems, the FCC must not be short-sighted but must take total satellite system spectrum requirements into account and also allocate associated feeder link spectrum. Finally, in order to enable United States companies to deploy global satellite systems, the FCC must not adopt a competitive bidding procedure as the licensing mechanism for satellite systems operating in the 2 GHz band or any other frequency band.

- GSO and non-GSO satellite systems have fundamentally different system characteristics which need to be accommodated through different regulatory structures.

- Conceptually, consideration of spectrum allocation issues has been confused by the distinction in the International Table of Frequency Allocations between different *service* types rather than different *system* types.

- The FSS/MSS distinction is not meaningful in the case of non-GSO satellite systems where the space segment is in motion and the notion of orbital arc separation is irrelevant.

- The NPRM presents the Commission with the perfect opportunity to allocate spectrum for global satellite systems based upon system, as opposed to service, classification. Because of the difference in system characteristics, attempting to

accommodate GSO and non-GSO systems in the same frequencies is highly problematic.

- In general, the Commission should allocate spectrum for global satellite systems based upon system, as opposed to service, classification. Specifically, in this proceeding, The FCC should allocate spectrum for use by non-GSO systems.

- In order to simplify and consolidate the spectrum allocation process and minimize associated risks, domestic and international allocations of additional spectrum to the MSS must include the allocation of associated feeder link spectrum.

- Awarding licenses for satellite systems in the 2 GHz or any other frequency band through an auction process is premature and would be contrary to the public interest. Any benefit, monetary or otherwise, gained from such a procedure would be more than offset by the negative international consequences that would flow from the institution of such a procedure.

- Section 309(j) only provides the FCC with discretion to use auctions where mutually exclusive applications for initial licenses or construction permits are accepted for filing by the FCC. Section 309(j) obligates the Commission to adopt licensing rules that are directed at avoiding the need for mutual exclusivity in the 2 GHz or any other band allocated to satellite services.

- Since satellites are global, any action by the United States to auction off parts of the spectrum to satellite operators could prompt authorities in jurisdictions worldwide to use this action as a basis to implement similar auction procedures or to demand excessive license fees when United States satellite operators seek to enter these markets. This is a very real threat to the successful implementation of the envisaged systems and their corresponding services.

- The only way satellite systems proposed by United States companies could possibly eliminate the uncertainty and risk would be to establish international spectrum auctions. Such auctions are likely to be ultra vires, practically impossible to implement because it would require the approval of all countries throughout the world and would need to be coordinated by the International Telecommunications Union or some other properly sanctioned global body. Most importantly, this approach would severely encroach on the national sovereignty of the United States and would not further United States interests or the public interest.

- Rather than realizing the FCC goal of allocating the 2 GHz band to satellite use for provision of "a relatively low cost service that will be within the economic reach of a large segment of the population", the costs of these services, because

of auctions, will increase. Without doubt, these increased costs will be passed onto consumers.

- Even more importantly, foreign countries may use the FCC's auction of spectrum for satellite use as the basis for retaliating in other areas of communications that are important to the United States communications industry.

- Auctioning spectrum for satellite services by the FCC also will impact the United States chances of success at WRC-95. The United States commitment to satellites has already been questioned at the 1995 Conference Preparatory Meeting because of actions in CC Docket 92-297. Lesser developed countries who hope to access United States global satellite systems to create an instant and economical nationwide communications infrastructure will lose their interest and enthusiasm for supporting U.S. proposals to allocate additional spectrum to satellite services at WRC-95.

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by the Mobile-Satellite Service	)	

COMMENTS OF TELEDESIC CORPORATION

To: The Commission

I. INTRODUCTION

Teledesic Corporation ("Teledesic"), by its attorneys and pursuant to Section 1.415 of the Rules and Regulations of the Federal Communications Commission ("FCC" or "Commission"), 47 C.F.R. §1.415, respectfully submits the following comments in response to the Commission's Notice of Proposed Rulemaking in the above-captioned proceeding.[1] In the NPRM, the Commission proposes to allocate the 1990-2025 MHz (Earth-to-space) and the 2165-2200 MHz (space-to-Earth) bands (collectively "the 2 GHz band") to the mobile-satellite service ("MSS"), consistent with the international table of allocations. NPRM, at ¶ 1.

Specifically, the Commission seeks comment on whether the 2 GHz band should be allocated for MSS to both geostationary ("GSO") and non-geostationary ("non-GSO") systems or exclusively to one type of satellite system. In this regard, the Commission tentatively

[1] Amendment of Section 2.106 of the Commission's Rules to Allocate Spectrum at 2 GHz for Use by the Mobile-Satellite Service, Notice of Proposed Rulemaking, ET Docket No. 95-18, FCC 95-39 (released Jan. 31, 1995) ("NPRM").

concludes that the 2 GHz band should be allocated for use by both GSO satellites and non-GSO satellites. NPRM, at ¶¶ 1, 16. The Commission also proposes to allocate the 2 GHz band solely for MSS and to award licenses for the 2 GHz band through use of a competitive bidding procedure. NPRM, at ¶¶ 1, 7, 8 and 17.

While the FCC correctly recognizes that it may be appropriate to allocate spectrum to one type of satellite system, i.e., either GSO or non-GSO, the confusion between service and system classifications continues to complicate consideration of spectrum allocation issues for satellites in rulemaking proceedings, such as this one. See Amendment of the Commission's Rules to Establish Rules and Policies Pertaining to a Mobile Satellite Service in the 1610-1626.5/2483.5-2500 MHz Frequency Bands, 9 FCC Rcd 5936, 5945 (1994) ("Big LEO Order"). The FCC should take the opportunity presented to it in this NPRM, as well as future rulemaking proceedings, to abandon the fiction that a distinction exists between the fixed-satellite service ("FSS") and the MSS with regard to non-GSO satellite systems. As discussed herein, the more pertinent distinction is that of system classification - between GSO and non-GSO systems. Additionally, in allocating spectrum for non-GSO MSS systems, the FCC must not be short-sighted but must take total satellite system spectrum requirements into account and also allocate associated feeder link spectrum. Finally, in order to enable United States companies to deploy global satellite systems, the FCC must not adopt a competitive bidding procedure as the licensing mechanism for satellite systems operating in the 2 GHz band or any other frequency band.

II. DISCUSSION

A. Background

For more than three decades, GSO satellites have been virtually the exclusive means of providing space-based communications. In recent years, however, a number of major non-GSO satellite systems have been proposed to meet a range of service needs. These include the so called "Big LEO" proposals put forth by Motorola, Loral Qualcomm Space Systems Inc., TRW, Inc., and Inmarsat. These systems propose to use multiple satellites to provide premium priced, mobile voice service, extending the range of terrestrial cellular phone networks for users with global roaming needs, as well as certain fixed applications. Teledesic is a proposed global broadband non-GSO satellite system which will use several hundred satellites to provide broadband channels supporting videoconferencing, interactive multimedia and real-time, digital network connections.

These non-GSO satellite systems are not an aberrational phenomenon. Rather, they reflect a fundamental evolution in satellite-based communications networks. Just as networks on the ground have evolved from centralized systems, built around a single, powerful mainframe computer, to decentralized networks of interconnected PCs, so too are satellite networks evolving from centralized systems, consisting of a single, powerful GSO satellite, to decentralized networks of interconnected non-GSO satellites. Many of the same technological developments underlie both trends. GSO satellites will continue to play an important role in space-based communications, particularly for broadcast applications where their large "footprints" are advantageous. However, increasingly, they will share the field with non-GSO satellite systems.

Because non-GSO satellites move in relation to the Earth's surface, to provide continuous coverage of any given point on Earth requires, essentially, global coverage. Thus, these global systems offer essentially the same quality and quantity of capacity to users in the developing world as they do to users in the most advanced markets. In this sense, non-GSO satellite systems are a fundamentally egalitarian technology that promises to radically transform the economics of telecommunications infrastructure.[2] Because non-GSO satellite systems are inherently global, they will provide service to all areas of the world, including those places to which no one would extend service for its own sake. The "externalities" of these systems offer the potential for vast humanitarian benefit to those parts of the world most at risk of being left behind by the Information Revolution.

While the global nature of non-GSO satellite systems offers vast humanitarian benefit to all the world, it also poses unique challenges to the international regulatory structure governing space-based communications. Global satellite systems require global satellite spectrum allocations. And because GSO systems and non-GSO systems have fundamentally different system characteristics, different spectrum allocations and coordination procedures are required for each. Satellite technology is changing rapidly, and the international regulatory structure applicable to its deployment must adapt as well.

[2] While GSO satellite systems also can provide service at a cost indifferent to location, their capacity can be and increasingly is focused through high-power spot beams on the most lucrative service areas. Also, GSO satellites do not provide uniform coverage; service suffers in extreme latitudes. By contrast, non-GSO satellite systems are inherently global and have much more uniform coverage patterns than GSO satellites.

B. In Order To Accommodate Non-GSO Satellite Systems, The Regulatory Structure Must Take Into Account The Significant Differences That Exist Between GSO And Non-GSO Satellite Systems

The FCC should use this proceeding as a tool to reevaluate the current regulatory structure governing satellite systems in order to take into account the significant differences that exist between GSO and non-GSO systems. The regulatory structure governing satellite communications has evolved to fit the characteristics of GSO satellites, which until recently was for all practical purposes the entire universe. The particular attributes of that structure evolved for good reasons to serve important purposes. As applied to GSO satellites, this structure has worked reasonably well. As non-GSO satellite systems have emerged, there has been a good-faith effort to accommodate those systems within the existing regulatory structure. That response has been essentially *ad hoc*, as the non-GSO satellite systems are still generally viewed as a special case rather than an emerging trend. Discussion of changes to the existing structure to accommodate non-GSO satellite systems quite understandably meets resistance -- if the existing structure is optimized for GSO systems, which still constitute the overwhelming majority of operating systems, then changes to that structure may be less than optimal for those GSO systems.

The FCC should recognize in this proceeding that GSO and non-GSO satellite systems have fundamentally different system characteristics which need to be accommodated through different regulatory structures. For example, GSO satellite systems can share the same frequencies through orbital arc separation; GSO satellites in the FSS generally can share the same frequencies with two degree separation between satellites in the GSO orbital plane. Non-GSO satellite systems, however, cannot share frequencies in this manner. The whole

concept of orbital arc separation is meaningless to a non-GSO satellite system, whose space segment is in constant motion relative to the Earth and other systems. This would suggest that these systems are less efficient than GSO satellites in their use of spectrum. In fact, non-GSO satellites can enable greater spectrum efficiency because they are closer to Earth and thus have a smaller footprint within which frequencies can be reused. Whereas a number of GSO satellite systems can operate over a wide band of spectrum with each assigned its own geographic "slot," non-GSO systems can co-exist with each other through band segmentation, with each system assigned its own slice of spectrum.[3] Each method conforms to the essential characteristics of the system to which it applies. However, the two methods cannot be combined. In fact, the FCC in the Big LEO Order found that the inherent difference between GSO and non-GSO satellite systems would make it difficult for both types of systems to operate MSS services together in a single frequency band. See Big LEO Order, 9 FCC Rcd at 5946. Based upon this determination, the FCC limited qualified applicants for Big LEO licenses to those proposing non-GSO satellite systems. Id.

C. In Order to Ensure Sufficient Spectrum for All Satellite Systems, the FSS/MSS Service Distinction In The Table of Allocations Should Be Eliminated For Non-GSO Satellite Systems

Conceptually, consideration of spectrum allocation issues has been confused by the distinction in the Table of Frequency Allocations between different *service* types rather than different *system* types. The FCC's proposed approach in the NPRM to allocate spectrum to

[3] The issue of co-frequency sharing among non-GSO satellite systems is complex, involving considerations of system geometry and signal design. Sharing becomes a statistical function based on the frequency and duration of interference. Generally, however, for non-GSO systems with broad coverage to accommodate advanced applications with a high degree of service quality and reliability, co-frequency sharing among systems is not possible and band segmentation is required.

the MSS, a service classification, as opposed to a system classification, will continue to propagate this confusion.

Currently, regulation of the frequency bands in which any particular system can operate are dictated by the proposed service type rather than the essential characteristics of the system itself. Since all the Big LEO satellite systems have proposed to provide primarily MSS, they have become equated with that service classification. By extension, non-GSO satellite systems as a whole have been thought of synonymously with MSS. The FSS/MSS distinction has become something of a proxy for the GSO/non-GSO satellite distinction. In fact, there is no inherent correlation between these two dichotomies. GSO satellite systems are typically equated with FSS even though GSO satellite systems can and do provide both FSS and MSS. Teledesic is a non-GSO satellite system that proposes to provide primarily FSS, although mobile applications would be enabled through the same user terminals. And the so-called Big LEOs are proposing various fixed applications for their "MSS" satellite systems. Unfortunately, this confusion between the FSS/MSS service concept and the GSO/non-GSO system concept has handicapped consideration of the regulatory changes needed to accommodate non-GSO satellite systems.

There may be good reasons for maintaining the FSS/MSS distinction for GSO satellite systems -- the antennas used for mobile applications generally are less focused, requiring greater orbital arc separation between GSO satellite systems to which they would transmit. But the FSS/MSS distinction is less meaningful in the case of non-GSO satellite systems where the space segment is in motion and therefore the whole notion of orbital arc separation is irrelevant. The FCC can still retain the FSS/MSS distinction in the context of GSO satellite

systems. But a more fundamental distinction needs to be drawn in the table of frequency allocations between GSO and non-GSO satellite systems.

D. Proposed Regulatory Approach for Non-GSO Satellite Network Allocation in the 2 GHz Band

The NPRM presents the Commission with the perfect opportunity to allocate spectrum for global satellite systems based upon system, as opposed to service, classification. Because of the difference in system characteristics, attempting to accommodate GSO and non-GSO systems in the same frequencies is highly problematic. The solution is to leave the existing GSO order in place for bands where GSO systems enjoy primary status and to allocate separate bands where non-GSO systems will be primary. Separate allocations should be created for the two types of systems within which each would be primary with its own set of rules optimized for its own distinct system characteristics. The 2 GHz band is a prime example of a band for which the FCC can and should provide separate allocations independent of service classification based solely on system characteristics to both non-GSO and GSO satellite systems. An allocation of the 2 GHz band for non-GSO satellite systems would be consistent with prior FCC action in the Big LEO Order because the types of services envisaged by the Commission in the 2 GHz band will be provided globally, just like the services envisioned in the Big LEO Order. NPRM, at ¶ 8. As the FCC has recognized, global coverage is readily obtainable by non-GSO satellite systems as opposed to GSO systems since non-GSO systems "are significantly superior [to GSOs] in their coverage capabilities." Big LEO Order, 9 FCC Rcd at 5945.

E. To The Extent That The Commission Allocates Additional Spectrum For MSS, It Should Also Allocate Associated Feeder Link Spectrum

In allocating spectrum that can be used for MSS, the FCC should heed the lessons following the 1993 World Administrative Radiocommunication Conference ("WARC-93"). WRC-93 allocated spectrum at 1 - 3 GHz for MSS, but it neglected to allocate associated feeder link spectrum. As a result, the allocation of spectrum to MSS feeder links will be considered and debated internationally at the 1995 World Radiocommunication Conference ("WRC-95"). See Rulemaking to Amend Part 1 and Part 21 of the Commission's Rules to Redesignate the 27.5 - 29.5 GHz Frequency Band and to Establish Rules and Policies for Local Multipoint Distribution Service, 9 FCC Rcd 1394 (1994); see also Preparation for International Telecommunications Union World Radiocommunication Conference, FCC No. 95-36, IC Docket No. 94-31, 60 Fed. Reg. 8994 (1995). Lack of spectrum allocated to feeder links, as demonstrated by the ordeals the Big LEOs have faced in this area, results in long licensing delays, and ultimately holds up system construction and deployment. In addition, lack of associated feeder link spectrum creates uncertainty in the global financial markets and hinders the ability of satellite system operators to secure the financing for their systems. Such delays and uncertainties do not advance the public interest. In order to simplify and consolidate the spectrum allocation process and minimize associated risks, domestic and international allocations of additional spectrum to the MSS should include the allocation of associated feeder link spectrum.[4]

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[4] In addition, Teledesic believes that the United States should seek additional MSS spectrum in the 27.5 - 30.0 GHz band ("the Ka band") at WRC-95. 1995 WRC Agenda. The WRC-95 Agenda states, without limitation, that WRC-95 shall "consider allocations and regulatory aspects for feeder links for the mobile-satellite services taking account of the interference that may be caused to satellite systems in the geostationary-satellite orbit." Therefore, this Agenda item provides the United States with broad latitude at WRC-95 in seeking additional

F. A Competitive Bidding Procedure To License Satellite Systems in the 2 GHz or Any Frequency Band Would Be Contrary To The Public Interest

In the NPRM, the Commission provides "advance notice" that it proposes to make use of a competitive bidding procedure to award licenses in the 2 GHz band. NPRM, at ¶ 17. As demonstrated herein, awarding licenses for satellite systems in the 2 GHz or any other frequency band through an auction process is premature and would be contrary to the public interest. Any benefit gained from such a procedure would be more than offset by the negative international consequences that would flow from the institution of such a procedure. These considerations should guide the Commission, not the expectation of Federal revenues from the use of competitive bidding. See 47 U.S.C. §309(j)(7). Even "[i]f the U.S. government...wants additional revenue, they stand to gain far more from a thriving competitive satellite industry [than from auctions] that is offering new and innovative service to consumers worldwide." Scrap Spectrum Auctions, Space News, March 27, 1995, at 14.

Section 309(j) of the Communications Act provides the FCC with discretionary authority to institute a competitive bidding procedure and permits, but does not require, the use of auctions as a method to award licenses. 47 U.S.C. §309(j)(1). Importantly, Section 309(j) only provides the FCC with discretion to use auctions where mutually exclusive applications for initial licenses or construction permits are accepted for filing by the FCC. 47 U.S.C. §309(j)(1). Therefore, the FCC's current proposal, which would auction off the 2 GHz band whether or not mutually exclusivity among applicants exists, is too broad and is beyond the authority granted the FCC by Section 309(j) of the Communications Act. Presently, there is

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MSS spectrum, including in the Ka band.

absolutely no basis for the FCC to conclude or predict that applicants for MSS in the 2 GHz band will be mutually exclusive. In fact, the only analogous experience to date involves the Big LEOs and indicates that mutual exclusivity can and will be avoided.

In any event, as the FCC itself has recognized, "the Commission is obliged to attempt to eliminate mutually exclusivity." Big LEO Order, 9 FCC Rcd at 5966. Congress stated in the legislative history to Section 309(j) that avoidance of the need to find mutual exclusivity by use of a negotiated or engineering solution was preferable to an auction (or lottery), especially in regard to global satellite systems such as the Big LEOs. See H.R. No. 103-111, at 258. This mandate was embodied in Section 309(j)(6)(E) which states that grant of authority to assign licenses by competitive bidding does not relieve the FCC of its public interest obligation to seek to avoid mutual exclusivity in licensing proceedings. 47 U.S.C. §309(j)(6)(E); see also Letter to Acting Chairman James H. Quello, from Congressman John D. Dingell. Consistent with Congress' view, the FCC heeded this Congressional mandate and carefully examined whether the Big LEO applicants were mutually exclusive before deciding whether to employ auctions to license these global MSS systems. For instance, the FCC instituted a negotiated rulemaking in order to develop sharing criteria to avoid mutual exclusivity. See Report of the MSS Above 1 GHz Negotiated Rulemaking Committee (April 6, 1993). While the negotiated rulemaking committee reached consensus on many issues, it did not reach a consensus regarding a technical method by which all the proposed Big LEOs could share the spectrum. Despite this conclusion, the FCC continued its efforts to avoid mutual exclusivity among Big LEO applicants. In January 1994, the FCC adopted a notice of proposed rulemaking that proposed a sharing plan that would assist in avoiding mutually

exclusivity. See Amendment of the Commission's Rules to Establish Rules and Policies Pertaining to a Mobile Satellite Service in the 1610-1626.5/2483.5-2500 MHz Frequency Bands, 9 FCC Rcd 1094 (1994). The FCC adopted this plan in the Big LEO Order. The FCC also adopted an auction procedure *only* as a method to resolve the *rare* case where mutually exclusivity could occur. See Big LEO Order, 9 FCC Rcd at 5963, 5965-5970.[5] In short, Section 309(j) obligates the Commission to adopt licensing rules that are directed at avoiding the need for mutual exclusivity in the 2 GHz or any other band allocated to satellite services. See id.; see also Amendment of the Commission's Rules to Establish Rules and Policies Pertaining to a Mobile Satellite Service in the 1610-1626.5/2483.5-2500 MHz Frequency Bands, 9 FCC Rcd 1094, 1115-1118 (1994).

Additionally, Section 309(j) of the Communications Act was adopted primarily to facilitate the selection of competing applications seeking to provide Personal Communications Services ("PCS"), a purely domestic service. The purpose and objectives of Section 309(j) do not accomplish the same results in the context of non-GSO satellite systems because these systems inherently provide global satellite services. Since satellites are global, any action by the United States to auction off parts of the spectrum to satellite operators could prompt authorities in jurisdictions worldwide to use this action as a basis to implement similar auction procedures or to demand excessive license fees when United States satellite operators seek to enter these markets. See Letter to Congress, from Commissioner James H. Quello, FCC (June 23, 1993) ("Quello Letter"). These foreign countries may go as far as to establish

[5] The FCC has stated that eliminating mutual exclusivity advances the Commission's goals of licensing multiple systems and enhancing competition. See Radio-Determination Satellite Service, 60 RR 2d 298, 301 (1986).

licensing fees based on the "value" of the spectrum established in U.S. auctions. This is a very real threat to the successful implementation of the envisaged systems and their corresponding services.[6] Quite simply, the satellite systems proposed to date will require substantial investor commitment around the world. Lining up investors for projects that have completely open-ended capital requirements is highly problematic since financiers will be reluctant to back such projects. Financiers require a minimum amount of certainty before providing financial backing for a project. This difficulty to secure financing will jeopardize the development and deployment of global satellite systems.

Under this scenario, the only way satellite systems proposed by United States companies could possibly eliminate the uncertainty and risk would be to establish international spectrum auctions. Such auctions are likely to be ultra vires, practically impossible to implement because it would require the approval of all countries throughout the world and would need to be coordinated by the International Telecommunications Union or some other properly sanctioned global body. Most importantly, this approach would severely encroach on the national sovereignty of the United States and would not further United States interests or the public interest. Additionally, because the implementation of satellite systems will be jeopardized by the added costs and uncertainties associated with satellite auctions, the lead the United States currently enjoys worldwide in satellite technology may be undermined by its own regulatory process.

Furthermore, the institution of auctions will not further the FCC's stated goals in the NPRM. Rather than realizing the FCC goal of allocating the 2 GHz band to satellite use for

[6] Furthermore, U.S. satellite service providers will be disadvantaged by likely competition from Inmarsat and INTELSAT who will continue to have free access to spectrum.

provision of "a relatively low cost service that will be within the economic reach of a large segment of the population", the costs of these services, because of auctions, will increase. See NPRM, at ¶ 7. Without doubt, these increased costs will be passed onto consumers. Even more importantly, foreign countries may use the FCC's auction of spectrum for satellite use as the basis for retaliating in other areas of communications. For example, other nations may view the FCC's auctioning process for satellite spectrum as a real threat to their own ability to implement global satellite systems. Therefore, in retaliation for such actions, these nations may use spectrum auctions for satellite systems as a basis for implementing strict regulatory measures in other areas, such as interconnection and market entry, that are important to the United States communications industry. As Commissioner Quello stated, "I am particularly concerned that some foreign governments opposed to the use of our international telecommunications accounting and auditing standards could use our competitive bidding requirement as a justification for retaliatory measures." Quello Letter, at 2.

Finally, auctioning spectrum for satellite services by the FCC also will impact the United States chances of success at the 1995 World Radiocommunication Conference ("WRC-95"). In considering the use of auctions to license satellite systems, the United States must balance its objectives. One objective is for the United States to obtain additional spectrum for MSS feeder links and other uses at WRC-95. However, implementing auctions in the United States may jeopardize U.S. success at WRC-95, as well as at future WRCs. The United States commitment to satellites has already been questioned at the 1995 Conference Preparatory Meeting because of actions in CC Docket 92-297, where the Commission has proposed redesignating spectrum allocated internationally to satellite services to a purely incompatible

domestic terrestrial service. Lesser developed countries who hope to access United States global satellite systems to create an instant and economical nationwide communications infrastructure may lose their interest and enthusiasm for supporting U.S. proposals to allocate additional spectrum to satellite services at WRC-95.[7]

III. CONCLUSION

Satellite-based communications networks will play an increasingly important role in extending the benefits of the information age to all the world's citizens. Non-GSO satellite systems promise to add to the capabilities of traditional GSO satellites. While the deployment of non-GSO satellite systems raises some challenging new regulatory issues, the potential of these new systems for vast humanitarian benefit makes the resolution of these challenges imperative. Therefore, the Commission should take the opportunity presented to it in the NPRM to separately allocate portions of the 2 GHz band based on system characteristics to non-GSO and GSO systems.

In addition, to ensure that the United States satellite communications industry remains truly competitive, the FCC must not implement a competitive bidding procedure to award licenses to satellite system operators in the 2 GHz band or any other frequency band. Auctioning licenses for international satellite services will create an uneven playing field for U.S. satellite service providers and engender unnecessary controversy in the field of international satellite communications, as well as impact the United States chances of success

[7] In addition, if the United States auctions the use of spectrum for satellite services, other countries may compare its actions to Tonga and its highly criticized plan to exploit commercially orbital slots and spectrum for its own pecuniary gain.

at the WRC-95. Accordingly, Teledesic urges the FCC to refrain from applying competitive bidding to satellite communications licenses.

Respectfully submitted,

TELEDESIC CORPORATION

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May 5, 1995

CERTIFICATE OF SERVICE

I, Eileen O'Hara, an employee of Akin, Gump, Strauss, Hauer & Feld, L.L.P., certify that copies of the foregoing COMMENTS OF THE TELEDESIC CORPORATION were sent via Hand Delivery on this 5th day of May, 1995, to the following parties:

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