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June 25, 1996

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

RECEIVED
JUN 25 1996
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: *Notice of ex parte presentation in
Assessment and Collection of Regulatory Fees for Fiscal Year 1996,
MD Docket No. 96-84*

Dear Mr. Caton:

This letter provides notice, pursuant to Section 1.1206 of the Commission's Rules, that on Tuesday, June 25, 1996, Robert Mansbach of COMSAT Corporation and Lawrence W. Secrest, III, and the undersigned of Wiley, Rein & Fielding met with Lauren J. Belvin of Commissioner Quello's staff regarding the above-captioned proceeding. The discussion concerned matters raised in COMSAT Corporation's comments in this proceeding and in the attached document, a copy of which was distributed at the meeting. An original and one copy of this letter, with attachment, is hereby submitted.

If you have any questions, please contact the undersigned.

Best regards.

Very truly yours,



William B. Baker

Attachment

cc (w/attachment): Ms. Lauren J. Belvin

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COMSAT REGULATORY FEE ISSUES

(Talking Points for June 1996 FCC Meetings)

Overall Objective: FCC should drop the effort to establish a new annual \$434,150 "Signatory Fee" that would be imposed solely on COMSAT.

1. ***COMSAT already pays its fair share.***
Instead of taxing INTELSAT and Inmarsat satellites, Congress set an "international bearer circuit" fee to recover the costs of regulating international common carriers. COMSAT currently pays about \$200,000 in international bearer circuit fees as well as INTELSAT/Inmarsat launch and other fees, for a total of more than \$600,000. The "circuit fee" approach is the mechanism the FCC has traditionally used to recover regulatory costs from both COMSAT and oceanic cable operators.
2. ***Competing separate system providers are exempt from bearer circuit fees.***
None of COMSAT's international satellite competitors (*e.g.*, PanAmSat, Orion, AMSC) pays both bearer circuit fees and space station fees. The new proposal would subject COMSAT to such double taxation -- in the form of both bearer circuit fees and the new Signatory Fee.
3. ***Congress excluded INTELSAT and Inmarsat satellites from the fee schedule.***
Although the NPRM acknowledges that regulatory fees should not be assessed on space stations operated by INTELSAT and Inmarsat, the proposed Signatory Fee is an "end run." The costs on which the fee is based are from the same category on which space station fees are based.
4. ***Congress did not delegate to the agency authority to create new FCC classifications, absent changes in circumstances or in law.***
The basic fee classification is established by statute. The FCC has delegated authority to add new classifications *only* where warranted by relevant factual/legal changes. No such change is present here. COMSAT has carried out its "Signatory" function for more than three decades.
5. ***Signatory status is not a "benefit" conferred by the FCC.***
Signatory status was conferred on COMSAT by Congress in the 1962 Satellite Act and in the Inmarsat Act. The FCC did not grant this status and has no power to revoke it. In addition, in its Signatory capacity, COMSAT is subject to the direction of the U.S. Government and is expected to advance our national interest -- rather than its own private business objectives.