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

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In the Matter of	)	
	)	
Policy and Rules Concerning the Interstate, Interexchange Marketplace	)	CC Docket No. 96-61
	)	
Implementation of Section 254(g) of the Communications Act of 1934, as amended	)	

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To: Chief, Common Carrier Bureau

REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE

AMSC Subsidiary Corporation ("AMSC") hereby requests an extension of at least one year of the deadline for its compliance with any applicable requirements for rate integration established in the recent *Report and Order* in the above-referenced docket.[1/] AMSC is a new service provider, having begun operation of the first U.S. domestic Mobile Satellite Service system earlier this year. AMSC's present rate structure includes a surcharge for the operation of mobile terminals in lower-power satellite beams that cover Alaska, Hawaii, Puerto Rico, and the U.S. Virgin Islands, reflecting the higher power required to operate mobile terminals in these beams. AMSC has built its system and set its rates in reliance on Commission approvals of its system design and its rate structure. The imposition of a rate integration requirement on AMSC in the near future would have a serious adverse impact on AMSC's ability to manage its power resources and achieve important revenue goals. AMSC is prepared to comply with a requirement to eliminate its low-power beam surcharge, but the grant of the requested extension will provide

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1/ FCC 96-331 (August 7, 1996). AMSC has serious concerns about the Commission's decision that rate integration requirements of the new Telecommunications Act of 1996 are applicable to its services and intends to seek reconsideration or clarification of the *Report and Order*.

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AMSC with additional time to transition to new requirements.

Background

Following the launch of its first satellite in April 1995, AMSC operates a satellite system that provides two-way mobile voice communications throughout the United States, including Alaska, Hawaii, Puerto Rico, the U.S. Virgin Islands and coastal waters. The system, requiring an investment of more than $650 million, has the capacity to provide approximately 1500 voice channels for land mobile, maritime and aeronautical communications. Although AMSC's customers at times use the system for what might be considered interstate communications, MSS in fact is quite unique; moreover, a significant portion of the traffic on AMSC's system is more properly characterized as local and international communications.[2/] A particularly high percentage of the maritime traffic is expected to be international calls. Due, however, to AMSC's system having relatively large beam footprints and its service being mobile, AMSC is unable to distinguish local and international traffic from interstate traffic.

AMSC's satellite has five slightly overlapping beams. The three central beams cover the continental United States. One peripheral beam covers Alaska and Hawaii and nearby coastal areas; the other peripheral beam covers Puerto Rico, the U.S. Virgin Islands, and a significant amount of the Caribbean. Much of the traffic in these two peripheral beams is expected to be maritime communications. Due to the design of the satellite, the amount of power required to communicate in either of the peripheral beams is more than twice that required to communicate

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2/ For purposes of this request, AMSC defines local calls as communications between an MSS terminal in one LATA and a terminal (either mobile or fixed, including a telephone connected to the PSTN) in the same LATA. Interstate calls are communications between an MSS terminal in one state and another state. International calls are communications between an MSS terminal outside the U.S. (including more than 12 miles offshore) and anywhere else.

in any of the central beams. In simple terms, this means that AMSC could provide only half as many communications channels if all of its traffic was in these lower-power beams.

AMSC charges a higher rate generally for any service that requires more power than other services. For instance, AMSC charges more to users with relatively low-gain antennas. Similarly, AMSC assesses a beam surcharge when a customer operates a mobile terminal in an area served by one of the lower-power beams. These differences in rates provide AMSC with a price mechanism for allocating its limited power budget and assure that the satellite and the spectrum are used efficiently.

The higher power requirement for these areas is characteristic of other domestic satellites. In the Fixed Satellite Service, however, it is relatively inexpensive to compensate for the need for higher power in areas such as Alaska and Hawaii by installing larger ground antennas. In a mobile environment, however, larger ground antennas are not practical.

Discussion

AMSC urges the Commission to grant at least a temporary extension of the compliance deadline for integration of AMSC's rates. It cannot be said too strongly that Mobile Satellite Service is not a traditional service. As described above, AMSC provides a variety of services simultaneously. Many of the calls handled by AMSC's system, and possibly a majority of the maritime traffic and the traffic in the lower-power beams, will be calls from international waters.

Requiring AMSC to integrate its rates and eliminate any surcharges for service in its lower-power beams will not have an impact on long distance service in Alaska, Hawaii, Puerto Rico, or the U.S. Virgin Islands. MSS is an entirely different market and the overall capacity of AMSC's system is insignificant compared to the interstate traffic generated in those areas. It

will, however, have a significant impact on AMSC's ability to use its available capacity efficiently. Requiring AMSC to integrate its rates and eliminate any surcharges for its lower-power beams will take away AMSC's ability to use a reasonable price system to maximize its capacity and better provide service to all customers. With so little spectrum available in the MSS L-band, it is important that it be used efficiently. See *Notice of Proposed Rulemaking* in IB Docket No. 96-132, FCC 96-259 (June 18, 1996) (proposing to modify AMSC's license to provide additional spectrum due to the inability of the U.S. to coordinate sufficient spectrum in the bands currently assigned to AMSC).

In addition, MSS is a new service. AMSC has invested over $650 million in the development of the U.S. MSS system, taking a substantial risk that it will be able to develop the market for this service sufficiently quickly to justify this large investment. AMSC needs flexibility in pricing its services. Also, AMSC competes internationally with TMI, a Canadian company that operates a satellite with the same footprint as that of AMSC, and Inmarsat, which operates an established maritime MSS system in the areas covered by AMSC's lower-power beams. Domestically, AMSC competes with terrestrial service providers, including rural cellular and SMRS and with satellite services such as Qualcomm's Omnitracs.

The equities of this request also include AMSC's reliance on specific Commission requirements and approvals in designing its system and structuring its rates. The Commission required the U.S. MSS system to provide service to the areas included in the lower-power beams that are the subject of a surcharge. *Memorandum Opinion, Order & Authorization*, Gen. Docket No. 84-1234, 4 FCC Rcd 6041, 6055 (1989). The Commission approved the satellite design that requires substantial additional power for service to mobile terminals in those beams.

Memorandum Opinion and Order, File Nos. 7/8/9-DSS-MP/ML-90, 8 FCC Rcd 4040 (1993). When the issue of a surcharge for service in those beams was raised in 1993, the Commission permitted AMSC's tariff to go into effect and issued an order that the tariff was not patently unlawful. *Order*, 8 FCC Rcd 2871 (1993). Inasmuch as the legal issue of the surcharge was squarely before the Commission in that proceeding, AMSC reasonably relied on the ruling to indicate that the surcharge was permissible.

AMSC urges the Commission to grant an extension for as long a period as possible, but no less than one year. The Commission granted a similar extension to providers of interstate service to Guam, the Northern Marianas, and American Samoa. AMSC also requests a longer extension period for maritime communications, since much of this traffic is expected to be international.

Conclusion

Therefore, based on the foregoing, AMSC urges the Commission to grant the requested extension of the deadline for complying with any applicable rate integration requirements.

Respectfully submitted,

AMSC SUBSIDIARY CORPORATION

Bruce D. Jacobs
Glenn S. Richards
Robert L. Galbreath
Fisher Wayland Cooper Leader
& Zaragoza L.L.P.
2001 Pennsylvania Ave., N.W.
Suite 400
Washington, D.C. 20006
(202) 659-3494

Lon C. Levin
Vice President and Regulatory Counsel
AMSC Subsidiary Corporation
10802 Parkridge Boulevard
Reston, Virginia 22091
(703) 758-6000

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