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Federal Communications Commission
Office of Secretary

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December 19, 1996

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

Re: Comments of Orion Atlantic in CC Docket Number 96-45

Dear Mr. Caton:

Enclosed please find an original and four (4) copies of the Comments of Orion Atlantic in the above-captioned docket. One copy of the Comments have also been sent to International Transcription Service.

Please direct any questions that you may have to the undersigned.

Sincerely,



Thomas J. Keller

Enclosures

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

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DEC 19 1996

Federal Communications Commission
Office of Secretary

In the Matter of

Federal-State Joint Board on
Universal Service

)
) CC Docket No. 96-45
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)
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COMMENTS OF ORION ATLANTIC

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December 19, 1996

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

In the Matter of)
Federal-State Joint Board on) CC Docket No. 96-45
Universal Service)
)
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COMMENTS OF ORION ATLANTIC

International Private Satellite Partners, L.P. ("Orion Atlantic") hereby respectfully submits comments regarding the Recommended Decision (released November 8, 1996) of the Federal-State Joint Board ("Joint Board") in the above-captioned proceeding. Orion Atlantic's comments are directed solely at the Joint Board's recommendations regarding contributors to the recommended universal support funding mechanisms.

Orion Atlantic is a Delaware limited partnership which holds a license granted by the Commission to operate an international communications satellite system with a satellite operating in the Ku Band located at 37.5 degrees West longitude. The license was originally granted to Orion Atlantic's general partner, Orion Satellite Corporation, pursuant to the Commission's Separate Systems Decision,^{1/} and was assigned to

1/ Report and Order on the Establishment of Satellite Systems Providing International Communications, CC Docket No. 84-1299, 101 F.C.C. 2d 1046 (1985), (Separate Systems Decision); Memorandum Opinion and Order on Reconsideration, FCC 86-144, 61 Rad. Reg.2d (P&F) 649 (released April 17, 1986); Memorandum Opinion and Order on Further Reconsideration, 1 F.C.C. Rcd. 439 (1986); Orion Satellite Corp., 6 F.C.C. Rcd. 4201 (1991).

Orion Atlantic prior to launch and operation of the satellite.^{2/} Orion Atlantic's satellite was successfully launched in November, 1994, and placed into operation in January, 1995. Orion Atlantic's main services are the provision of private satellite networks, principally private VSAT networks, and video distribution services for business customers in the transatlantic and pan-European markets.

I. Section 254(d) of the Telecommunications Act of 1996

The Telecommunications Act of 1996 (the "1996 Act") provides that every "telecommunications carrier that provides interstate telecommunications services" must contribute to the universal support mechanisms established by the Commission.^{3/} The 1996 Act also permits the Commission to require any "other provider" of telecommunications to contribute to universal service if the public interest so requires.^{4/} The statute defines a "telecommunications carrier" to be "any provider of telecommunications services, except that such term does not include aggregators of telecommunications services (as defined in section 226). A telecommunications carrier shall be treated as a common carrier under this Act only to the extent that it is engaged in the providing telecommunications services, except that the Commission shall determine whether the provision of fixed and mobile satellite services shall be

2/ FCC File No. CSS-93-006-(AL); Orion Satellite Corp., 9 F.C.C. Rcd. 2148 (1994).

3/ Telecommunications Act of 1996, Pub. L. No. 104-104, § 254(d), 110 Stat. 56, 73 (1996) (codified at 47 U.S.C. § 254(d)).

4/ Id.

treated as common carriage.^{5/} A "telecommunications service" is defined as the "offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used."^{6/} "Telecommunications" is defined as "the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received."^{7/}

II. The Joint Board's Recommendations Regarding Mandatory Contributors to the Universal Service Mechanisms.

In general, the Joint Board recommended that the Commission construe broadly the statutory mandate that all "telecommunications carriers" that provide "interstate telecommunications services" contribute to universal service. The Joint Board specifically suggested that any entity that provides on a wholesale, resale or retail basis any of the "interstate telecommunications" it listed should contribute to universal support mechanisms to the extent it provides such interstate telecommunications services.^{8/} The Joint Board recommended specifically that "interstate telecommunications" include, but are not limited to the interstate portion of the following list: cellular telephone and paging, mobile radio, operator services, PCS,

^{5/} 47 U.S.C. §153(44) (emphasis added). The term "aggregator" means "any person that, in the ordinary course of its operations, makes telephones available to the public or to transient users of its premises, for interstate telephone calls using a provider of operator services." 47 U.S.C. § 226(a)(2).

^{6/} 47 U.S.C. § 153(46).

^{7/} 47 U.S.C. § 153(43).

^{8/} Id. at ¶ 789.

access, alternative access and special access, packet switched, WATS, toll-free, 900, MTS, private line, telex, telegraph, video, satellite, international/foreign, intraLATA, and resale services.^{9/}

The Joint Board also recommended that "wholesale carriers," carriers that provide services to other carriers, should be required to contribute, because such carriers' activities are included in the phrase "to such classes of eligible users as to be effectively available to a substantial portion of the public."^{10/} It noted that the FCC has interpreted the quoted phrase to mean "systems not dedicated exclusively to internal use," or systems that provide service to other than significantly restricted classes.^{11/} As an example of what it means by this recommendation, the Joint Board suggested that a PMRS MSS provider that leases capacity to other carriers should be required to contribute to the extent it leases capacity to other carriers.^{12/}

The Joint Board noted that, under the statute, the FCC may require any "other provider" of telecommunications to contribute to universal service if the public interest so requires.^{13/} However, the Joint Board recommended that "other providers" of telecommunications not be required to contribute to universal support mechanisms at this time, because it concluded that such providers do not substantially benefit from

^{9/} Id. at ¶ 785 (emphasis added).

^{10/} Id. at ¶ 788.

^{11/} Id.

^{12/} Id.

^{13/} Id. at ¶ 792.

the public switched telecommunications network.^{14/} In reaching this conclusion, the Joint Board recognized that the statute makes a distinction between telecommunications offered on a private-service basis without incurring common carrier obligations.^{15/} However, the Joint Board determined that "other providers" refers only to entities that provide telecommunications to meet their own internal needs or that provide services free-of-charge. It further concluded that to the extent "other providers," such as private network operations, offer interstate telecommunications services, they should be required to contribute to universal support mechanisms.^{16/}

III. Orion Atlantic's Position

Orion Atlantic strongly supports the Joint Board's recommendation that "other providers" of telecommunications not be required to contribute to universal support mechanisms at this time. Orion Atlantic is not a "telecommunications carrier" within the meaning of the 1996 Act. Orion Atlantic is a separate systems operator offering services on a private-carriage basis and believes that such private carriers should remain free from any obligation to contribute to universal support mechanisms. As the Joint Board noted, the statute makes a distinction between telecommunications offered on a private-service basis and those offered on a common carrier basis with attendant common carrier obligations such as mandatory contributions to universal support mechanisms.

^{14/} Id. at ¶ 794.

^{15/} Id. at ¶ 792.

^{16/} Id.

However, Orion Atlantic disagrees with the Joint Board's characterization of "other providers" as referring only to entities that provide telecommunications to meet their own internal needs or that provide services free-of-charge. In its Separate Systems Decision, the FCC made a specific finding that "separate systems operators are not to operate as common carriers." Orion Atlantic has structured its business in reliance on the Commission's findings that separate satellite systems will be treated as private carriers, not common carriers. The Commission's policies in this regard have been entirely consistent with the definition of private carriage set forth by the court in National Association of Regulatory Commissioners v. FCC, 525 F.2d 630 (D.C. Cir. 1976)("NARUC I")^{17/}. Moreover, the explicit language in the definition of "telecommunications carrier" in the statute^{18/} makes it clear that Congress intended to leave the Commission's Separate Satellite Decision intact and indicates that private carriers should not be subjected to mandatory contributions to the universal service support mechanisms.

Orion Atlantic urges the Commission to reject the Joint Board's narrow interpretation of "other providers" of telecommunications services and to construe the

^{17/} In NARUC I, the court held that a common carrier is either required to hold out its service to all people indifferently or in fact chooses to do so. NARUC I, 525 F.2d at 641. On the other hand, private operators enter into individually negotiated medium-to-long term contracts with a relatively stable customer base having compatible service needs with that of the operator and its other customers. Id. at 641-643.

^{18/} "A telecommunications carrier shall be as a common carrier under this Act only to the extent that it is engaged in the providing telecommunications services, except that the Commission shall determine whether the provision of fixed and mobile satellite services shall be treated as common carriage." 47 U.S.C. § 153(49).

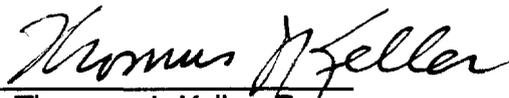
statute in a manner consistent with well-settled judicial precedent in this area and the Commission's Separate Systems Decision. To reach any other conclusion would seriously disrupt existing business relationships and fundamentally undermine the public interest benefits associated with the establishment of separate systems.

Conclusion

For the foregoing reasons, Orion Atlantic urges the Commission to adopt rules that do not require separate systems to make mandatory contributions to universal service mechanisms.

Respectfully submitted,

INTERNATIONAL PRIVATE SATELLITE
PARTNERS, L.P. d/b/a/ ORION ATLANTIC

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Dated: December 19, 1996

CERTIFICATE OF SERVICE

I, Renee K. Kernan, a secretary with the law firm of Verner, Lipfert, Bernhard, McPherson and Hand, hereby certify that on this 19th day of December, 1996, a copy of the Comments of Orion Atlantic was mailed, first-class, postage prepaid to:

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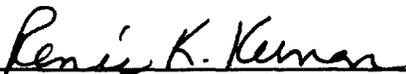
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