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**VIA HAND DELIVERY & ECFS SUBMISSION**

**EX PARTE OR LATE FILED**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
455 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

**Re: Ex Parte Filing In the Matter of Federal-State Joint Board on Universal Service, et al. CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116**

Dear Ms. Salas:

Pursuant to Section 1.1206(b)(1), BT North America Inc. ("BTNA") hereby submits an ex parte filing to provide information requested by Commission staff during our meeting on September 27, 2001 regarding the above-referenced proceeding. As noted in our earlier ex parte notification, BTNA has argued that revenue for transmission of video programming should not be subject to universal service reporting or assessments, and discussed how its Broadcast Services unit directly competes with DBS providers, Open Video Systems providers, and broadcasters who are all excluded from universal service reporting and assessments. The attached provides information regarding the services provided by BTNA Broadcast Services including typical service packages, representative clients, competitors in the marketplace, and satellites and U.S. facilities used.

Please direct any questions concerning this ex parte filing to the undersigned at 202-833-9543.

Respectfully submitted,

Kristen Neller Verderame  
VP, U.S. Regulation & Government Relations

Enclosure

cc: Katherine Schroder  
Anita Cheng  
Greg Guice

## BROADCAST SERVICES MARKET DESCRIPTION

Services Provided: BTNA Broadcast Services (“BTNA-B/S”) provides “Occasional-Use” and “Full-Time” broadcast services, including uplink, downlink and transport portions of video transmission services among various countries, including the United States and international points, for worldwide distribution. Occasional Use broadcast services typically take the form of part time contribution of news or sporting event content, while Full Time broadcast services typically take the form of 24X7 content acquisition, plus contribution service (via fiber or satellite) coupled with a distribution platform (e.g., Direct-to-Home, cable-distribution or over-air broadcast).

### Example (1) of typical service package (Occasional Use):

- Customer hands off baseband Broadcast Video/Audio
- BTNA-B/S provides transportable earth station on site (e.g., recent NY news coverage, US Open from NY)
- BTNA-B/S provides standards conversion (NTSC-to- PAL)/encodes/ digitizes/encrypts and uplinks to U.S. domestic capacity
- Downlink at BTNA-B/S facilities in Washington for retransmission on BT-provided international satellite (typically NSS-K at 338.5E) or BT-provided international fiber for reception in Europe
- With the exception of NHL hockey, BTNA-B/S distributes virtually every U.S. professional sports league for European and Pacific Rim consumption

Example (2) of typical service package (Full Time):

- Customer hands off multiple channel Broadcast Video/Audio in Paris, France
- BT encodes/digitizes/multiplexes/encrypts and transmits on BT provided fiber Paris to Los Angeles, CA
- BTNA-B/S LA Teleport Uplinks onto BT provided Intelsat POR Capacity (Ku-Band) for Direct Broadcast Service in New Caledonia.

Representative clients: ABC, CBS, NBC, NFL, NBA CNN, BBC, TNT, USA Network, FOX, Canal+, Telepiu, Rai, ITV Sport, EBU, Canal Antilles, TF1, Mnet and Star TV

Satellite systems utilized: INTELSAT, EUTELSAT, New Skies Satellites, Loral Skynet, GE Americom, Hughes and Panamsat

Facilities utilized in the United States: teleports in Washington and Los Angeles; trans-continental fiber transport network (private lines)

Competitors: other providers of satellite video transmission, broadcasters, direct broadcast satellite (“DBS”) operators, cable operators. Vyvx and Globecast, NA provide satellite video transmission services analogous to BTNA-B/S. In addition, BTNA-B/S competes with broadcasters and DBS operators due to the current market structure, as described below. Under current FCC jurisprudence, broadcasters and DBS operators are not required to contribute to the USF.

Example (1) broadcasters/cable operators (US): Liberty Media holds interests in numerous globally branded entertainment networks and regional cable companies, including LibertyLiveWire. LibertyLivewire holdings in turn include multiple broadcast services providers (e.g., 4MC). Due to these relationships, Liberty LiveWire is able to package contribution service (in direct competition with BTNA-B/S) with program distribution. In addition, LibertyLivewire owns Triumph Communications that provides fiber transmission services from local affiliates to DirecTV (in direct competition to BTNA B/S) for DBS distribution. Marketed and sold as DBS packages, revenues from such services are not subject to USF.

Example (2) broadcasters (global): European Broadcasters Union has a global network to distribute transmissions to affiliates; sells off excess capacity in marketplace in direct competition with BTNA-B/S. As broadcasters, their revenues are not subject to USF.

Example (3) DBS operators: Direct TV is owned by Hughes, which also owns PanAmSat and Galaxy; packages sold include DBS distribution with contribution transmission via PanAmSat or Galaxy transmission services. Marketed and sold as DBS packages, revenues from such services are not subject to USF.

Example (4) DBS operators: Echostar acquired Kelly Broadcasting Systems that provides the same full-time international contribution services as BTNA-B/S and

uses the exact same satellite (New Skies K). Kelly Broadcasting Systems bundle and sell a DBS package, including international transmission via NSS-K plus direct-to-home distribution, under one price that is not subject to USF.