

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993)	WT Docket No. 02-379
)	
Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services)	

COMMENTS OF MOBILE SATELLITE VENTURES SUBSIDIARY LLC

Mobile Satellite Ventures Subsidiary LLC (“MSV”) hereby files these Comments in the above-captioned proceeding in which the Commission solicits various information in preparation of its *Eighth Annual Report to Congress* on competitive conditions in the Commercial Mobile Radio Services (“CMRS”) market.¹ In response to the Commission’s specific inquiries directed towards providers of mobile satellite services (“MSS”), MSV explains that it provides nationwide coverage, including to rural and remote areas and to aeronautical and maritime users, but is unable to provide coverage in urban areas due to blockage of its satellite signal. In addition, MSV explains that this urban coverage limitation has prevented MSS operators from developing a critical mass of customers, leading to more expensive equipment and higher rates than would be the case for a service with more customers. As a result, the current service offerings of MSV and other MSS providers cannot be considered competitive with terrestrial mobile services.

¹*Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, Notice of Inquiry*, WT Docket No. 02-379, FCC 02-037 (rel. December 13, 2002) (“*NOI*”).

Background

MSV is the successor to Motient Services Inc. (f/k/a AMSC Subsidiary Corporation) (“MSI”), the entity authorized by the Commission in 1989 to construct, launch, and operate a U.S. mobile satellite service (“MSS”) system in the L-band.² In November 2001, MSI entered into a joint venture with Mobile Satellite Ventures (Canada) Inc. (“MSV Canada”), the Canadian licensee of the L-band MSS satellite MSAT-1, forming MSV.³ The first MSV satellite (AMSC-1) was launched in 1995, and MSV began offering service in 1996.

Today, MSV offers a full range of land, maritime, and aeronautical mobile satellite services, including voice and data, throughout the contiguous United States, Alaska, Hawaii, the Virgin Islands, and coastal areas up to 200 miles offshore. MSV customers include hundreds of federal, state, and local governmental agencies, including critical public safety organizations like the Federal Emergency Management Agency, U.S. Coast Guard, and local fire and police departments. In addition, MSV serves many private sector customers in critical industries such as interstate transportation and oil and natural gas exploration and drilling. MSV also provides a critical means of communications for maritime users. Like all MSS providers, MSV serves a vital role in times of national emergency and disasters. Many disasters, such as earthquakes and hurricanes, disrupt terrestrial wireline and wireless telecommunications systems. Because MSV’s satellite is located 22,000 miles above the Earth, however, its infrastructure is unaffected by these disasters. MSV thereby provides a reliable means of communications for emergency response organizations. MSV also offers a unique dispatch radio, or “push-to-talk,” service

²*Memorandum Opinion, Order and Authorization*, 4 FCC Rcd 6041 (1989); *Final Decision on Remand*, 7 FCC Rcd 266 (1992); *aff’d sub nom. Aeronautical Radio, Inc. v. FCC*, 983 F.2d 275 (D.C. Cir. 1993) (“*Licensing Order*”).

³*See Motient Services Inc., TMI Communications and Company, LP, and Mobile Satellite Ventures Subsidiary LLC, Order and Authorization*, DA 01-2732 (Nov. 21, 2001).

which allows communications to be broadcast to a large group of users simultaneously, thereby allowing for coordination of rescue efforts.

In the above-captioned *Notice of Inquiry* (“*NOI*”), the Commission seeks Comment on various issues in preparation for its *Eighth Annual Report to Congress* on the state of competition in the CMRS industry. Among other issues, the Commission seeks input on which entities compete to provide CMRS services, the extent of deployment of CMRS services, the state of competition in the provision of CMRS services, and how competition in the CMRS marketplace varies across the United States, in particular between rural and urban areas. *NOI* at ¶ 4.

The Commission recognizes that the mobile telephone sector is currently dominated by cellular, broadband Personal Communications Service (“PCS”), and Specialized Mobile Radio (“SMR”) providers. *NOI* at ¶ 6. The Commission also notes that satellite operators offer mobile telephone services “which, from a consumer’s point of view, have many of the same characteristics as terrestrial-based mobile telephone services.” *Id.* at ¶ 56. The Commission asks MSS providers, including MSV, to describe the geographic areas of the United States in which they provide coverage. *Id.* The Commission also seeks comment on the extent of competition among MSS providers and terrestrial-based mobile telephone providers. *Id.* Finally, the Commission asks whether MSS is currently a substitute for terrestrial-based mobile voice and data services. *Id.*

Discussion

I. MSV PROVIDES NATIONWIDE COVERAGE, INCLUDING TO RURAL AND REMOTE AREAS

The Commission asks MSV and other MSS operators to describe the geographic areas of the United States in which they provide coverage. *NOI* at ¶ 57. MSV currently provides voice

and data services to land-mobile, maritime, and aeronautical customers in all fifty states, Puerto Rico, the Virgin Islands, and U.S. coastal areas up to 200 miles offshore. Like all satellite operators, MSV provides instant connectivity to the most rural and remote parts of the country. The availability of mobile voice and high-speed data connections to rural America depends on satellite delivery. The Commission has identified rural America's lack of sufficient access to telecommunications services, and "advanced telecommunications capability" in particular, as a major concern.⁴ The Commission has also found that satellites can effectively solve this problem,⁵ better than terrestrial wireless carriers.⁶

⁴See, e.g., *Amendment of Part 1 of the Commission's Rules – Competitive Bidding Procedures, Fifth Report and Order*, 15 FCC Rcd 15293, ¶ 52 (April 14, 2000).

⁵See, e.g., *Establishment of Policies and Service Rules for the Mobile Satellite Service in the 2 GHz Band*, 15 FCC Rcd 16127, ¶ 35 (August 25, 2000) ("2 GHz Service Order") ("We believe satellites are an excellent technology for delivering basic and advanced telecommunication services to unserved, rural, insular or economically isolated areas. . . . We remain committed to encouraging the expeditious delivery of telecommunications services, via satellite services, to unserved communities."); *Extending Wireless Telecommunications Services To Tribal Lands, Report and Order and Further Notice of Proposed Rulemaking*, 15 FCC Rcd 11794, ¶ 13 (June 30, 2000) ("Satellites have large coverage areas and, in many cases, can reach an entire nation, thereby spreading the costs of deployment across a number of communities.").

⁶See *Qualcomm Incorporated, Order*, DA 00-2438, ¶ 7 (Chief, Wireless Bureau, Oct. 30, 2000) ("[M]obile satellite service may provide an important additional emergency telecommunications resource, especially to callers located in remote and rural areas and callers located in underpopulated regions where neither landline nor terrestrial mobile services exists. Mobile satellite systems . . . can provide continuous, reliable coverage in many areas where cellular coverage is patchy."); see also *Establishing Rules and Policies for the Use of Spectrum for Mobile Satellite Service in the Upper and Lower L-band, Notice of Proposed Rulemaking*, 11 FCC Rcd 11675, ¶ 12 (1996) ("MSS can serve areas of the country that are too remote or sparsely populated to be served by terrestrial land mobile systems."); *Extending Wireless Telecommunications Services To Tribal Lands, Report and Order and Further Notice of Proposed Rulemaking*, 15 FCC Rcd 11794, ¶ 13 (June 30, 2000) ("Satellites also provide communications opportunities for communities in geographically isolated areas, such as mountainous regions and deep valleys, where rugged and impassable terrain may make service via terrestrial wireless or wireline telephony economically impractical.").

Simple economic forces preclude terrestrial wireless carriers from serving sparsely populated areas.⁷ The Commission's recent *Reports to Congress* on competition in the CMRS industry illustrate the vast regions of the U.S. land mass where terrestrial wireless systems do not provide digital coverage.⁸ Moreover, as noted in the *NOI*, the Commission's current methodology for determining service availability of terrestrial wireless providers vastly overstates such coverage in terms of both geographic areas and populations covered. *NOI* at ¶ 9.

While MSS operators provide excellent coverage in rural areas, they are currently unable to provide acceptable service in urban areas because the satellite signal is typically blocked by buildings and other man-made structures. MSV, however, has proposed to launch and operate a next-generation system with a higher power satellite that will use spot-beam technology and to deploy ancillary in-band terrestrial facilities.⁹ Implementation of these new facilities will permit it to offer excellent coverage in both rural and urban environments.

⁷The Wireless Bureau recognized this basic shortcoming of terrestrial wireless technology when it authorized a narrowband PCS licensee to operate paging repeaters from a network of high-altitude balloons in order to serve rural and underserved areas that are too remote or too high cost to be covered by ground-based infrastructure. *See Space Data Corporation, Petition for a Declaratory Ruling, Memorandum Opinion and Order*, DA 01-2132 (Chief, Wireless Telecommunications Bureau, Sept. 12, 2001).

⁸*Seventh Annual Report to Congress*, FCC 02-179, Appendix C at Table 7 & Appendix E at Map 5 (July 3, 2002); *Sixth Annual Report to Congress*, 16 FCC Rcd 13350, Appendix C at Table 7 & Appendix E at Map 2 (July 17, 2001).

⁹*See* Application of Mobile Satellite Ventures Subsidiary LLC, File No. SAT-ASG-20010302-00017 et al. (March 2, 2001); *see also Flexibility for Delivery of Communications by Mobile Satellite Service Providers in the 2 GHz Band, the L-Band, and the 1.6/2.4 GHz Band, Notice of Proposed Rulemaking*, IB Docket No. 01-185, FCC 01-225 (August 17, 2001) (proposing to authorize L-band, 2 GHz, and Big LEO MSS licensees to operate in-band terrestrial facilities to supplement satellites signals in urban areas).

II. MSV'S CURRENT SERVICE OFFERINGS CANNOT BE CONSIDERED COMPETITIVE WITH TERRESTRIAL MOBILE SERVICES

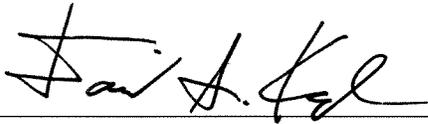
The Commission seeks comment on the extent of competition among MSS providers and terrestrial-based mobile telephone providers and whether MSS is currently a substitute for terrestrial-based mobile voice and data services. *NOI* at ¶ 56. The current inability of MSS carriers to provide service in urban environments has prevented MSS providers from developing a critical mass of customers. This lack of critical mass has in turn resulted in expensive equipment and higher rates than would be the case for a service with more customers. For example, MSS customers currently pay hundreds or thousands of dollars for equipment as well as airtime charges of around a dollar a minute. In contrast, terrestrial mobile customers typically pay nothing for equipment and enjoy airtime charges that are often less than a tenth of those of MSS customers. In addition, MSV's current end user equipment is large, often the size of a briefcase, whereas terrestrial mobile phones can fit comfortably in a shirt pocket. For these reasons, the current service offerings of MSV and other MSS providers cannot be considered competitive with or substitutes for terrestrial mobile services.

Conclusion

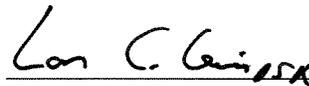
MSV requests that the Commission consider these Comments in connection with its *Eighth Annual Report to Congress* on competitive conditions in the CMRS market.

Respectfully submitted,

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