FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C 20554

JAN 1 5 2003

OFFICE OF
MANAGING DIRECTOR

William D. Wallace
Crowell & Moring LLP
1001 Pennsylvania Avenue, N.W
Washington, DC 20004

Rc: Requests for Deferral and Waiver of FY 2002
Regulatory Fee
Fee Control No. 00000RROG-03-042

Dear Mr. Wallace:

This letter is in response to your request dated Septemver 25. 2002, for a waiver of the Fiscal Year (FY) 2002 regulatory fee in the amount of $103.200 filed on behalf of L/Q Licensee, Inc. (LQL). You also seek a deferral of the fee pending disposition of your request for waiver.

You recite that LQL is the licensee of the Globalstar Mobile Satellite Service (MSS) non-geostationary (NGSO) satellite system. The license was assigned to LQL by its parent, Loral/Qualcomm Partnership, L.P. (LQP), which wholly owns LQL. Pursuant to an agreement with LQP, Globalstar, L.P. (GLP) owns and operates the constellation of 48 NGSO satellites and manages the MSS business. You state that on February 15, 2002. GLP and certain affiliates filed for Chapter 11 protection in the United States Bankruptcy Court for the District of Delaware. In addition, you state that LQP and its two general partners also sought Chapter 11 protection in the District of Delaware on February 15, 2002, and that GLP's managing general partner, Loral Qualcomm Satellite Services, L.P. (LQSS), also filed for bankruptcy protection in the same court. You state further that LQP is the managing partner of LQSS, which in turn is the managing partner of GLP, and that LQSS and LQP have no business interests other than their participation in GLP. You assert that, as a result of GLP's bankruptcy. no funding is available to LQL from the MSS business to pay expenses that are not related to operation of the system, such as the regulatory fee. In support of your waiver request, you submit Form 10-Q for GLP, the Quarterly Report for the period ended June 30, 2002, filed with the Securities and Exchange Commission. You also provide copies of the bankruptcy filings

The Commission will grant waivers of its regulatory fees on a sufficient showing of financial hardship. Evidence of bankruptcy or receivership is sufficient to establish financial hardship. See Implementation of Section 9 of the Communications Act, 10 FCC Rcd 12759, 12761-62 (1995) (waivers granted for licensees whose stations are bankrupt, undergoing Chapter 11 reorganization, or in receivership). You have submitted information showing that GLP and LQP, which wholly owns the licensee LQL, have been the subject of Chapter 11 bankruptcy proceedings since February 15, 2002. Therefore, your request for waiver of the FY 2002 regulatory fee is granted Accordingly, your request for deferral is now moot.

If you have any questions concerning this letter, please contact the Revenue and Receivables Operations Group at (202) 418-1995.

Sincerely,

Mark A. Reger
Chief Financial Officer

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1001 Pennsylvania Avenue, NW, Washington. DC 20004-2595 ▪ p202 624-2500 ▪ f202 628-5116

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William D. Wallace
(202) 624-2807
wwallace@crowell.com

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November 25, 2002

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND DELIVERY

Mr. Allan Sacks
Office of General Counsel
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

RE: Request of L/Q Licensee, Inc. for Waiver of FY2002 Regulatory Fee

Dear Mr. Sacks:

In connection with the above-referenced request of L/Q Licensee, Inc., for waiver of the FCC's FY2002 regulatory fee, you requested that I provide information on the affiliated companies that filed for bankruptcy protection in the U.S. Bankruptcy Court for the District of Delaware on February 15, 2002.

These companies include Globalstar, L.P., and its affiliates Globalstar Capital Corporation, Globalstar, L.L.C., and Globalstar Services Company, Inc. Also filing for bankruptcy protection on February 15, 2002, were Loral/Qualcomm Partnership, L.P., and its affiliates Loral/Qualcomm Satellite Services, L.P., Loral General Partner, Inc., and LGP (Bermuda) Ltd. I have enclosed pages from the docketing sheets and the petition form for each company.

If you need additional information, please let me **know.**

Very truly yours,

William D. Wallace

Enclosures

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SEP 25 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In re:	)	
	)	
L/Q LICENSEE, INC. (FRN: 0003-7648-67)	)	CALL SIGN S2115
	)	
Request for Waiver of FY2002 Regulatory fee	)	
	)	

To: The Managing Director

REQUEST FOR WAIVER OF FY2002 REGULATORY FEE

Pursuant to Section 1.1166 of the Commission's Rules, L/Q Licensee, Inc ("LQL"), requests a waiver the applicable Fiscal Year 2002 regulatory fee. LQL is the licensee of the Globalstar" 1.6/2.4 GHz Mobile Satellite Service ("MSS") non-geostationary ("NGSO") satellite system. Due to compelling financial hardship, LQL requests waiver of the $103,200.00 fee for FY2002 for its NGSO satellite system.

Deferral Requested. LQL is filing a concurrent request for deferral of the regulatory fee past the September 25, 2002 due date, and so, no fee is being submitted with this waiver request. See 47 C.F.R. § 1.1166(c).

The Globalstar System. Globalstar is an MSS system that provides voice, data and other telecommunications services over a constellation of 48 NGSO satellites. The Commission granted LQL's parent, Loral/Qualcomm Partnership, L.P. ("LQP'), a license to launch and operate the system in January 1995.[1] Commercial service over the Globalstar system commenced in January 2000. The Globalstar system provides space segment capacity for service providers who are authorized to offer MSS to end users in individual countries.

As of June **30,** 2002, Globalstar service was available in **133** countries, including the United States, through **24** gateway earth stations operated by Globalstar service providers. There were about 75,000 commercial subscribers.

The Globalstar Business. Pursuant to agreement with LQP, Globalstar, L.P. ("GLP"), owns and operates the satellite constellation and manages the international MSS business. GLP raised the financing to construct, launch and operate the system. GLP enters into contracts for space segment capacity with individual service providers, and also sells the rights to installation of gateway earth stations. Recently, GLP acquired the assets and business of the North American Globalstar service providers from Vodafone Group, Plc. It also acquired the French gateway and business of TE.SA.M., which provided Globalstar service in eleven European countries and several countries in North Africa. In these areas, GLP, through subsidiaries, now offers Globalstar subscriber services.

Attached to this request is the June 30, 2002, Form 10-Q for GLP, filed with the U.S. Securities and Exchange Commission in August 2002. **As** explained therein, on February 15, 2002, GLP, and certain affiliates, filed for Chapter 11

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[1] Loral/Qualcomm Partnership, L.P., 10 FCC Rcd **2333** (Int'l Bur. 1995). The license was subsequently assigned to LQL, a wholly-owned subsidiary **of** LQP.

protection from creditors in the U.S. Bankruptcy Court for the District of Delaware. Form 10-Q, at 13. Since that time, GLP has been working on a plan of reorganization with its principal creditors, and it hopes to emerge from bankruptcy with new financial investment by the end of 2002.

In addition, LQL's parent, Loral/Qualcomm Partnership, L.P. ("LQP") and that entity's two general partners, Loral General Partner, Inc., and LGP (Bermuda) Ltd., filed for Chapter 11 bankruptcy protection on February 15, 2002, in the District of Delaware. GLP's managing general partner, Loral Qualcomm Satellite Services, L.P. ("LQSS'), also filed for bankruptcy protection in the same court.

GLP's decision *to* seek bankruptcy protection was compelled by its grave financial difficulties. As of June 30, 2002, GLP had **$334** million in assets and **$3.4** billion in liabilities, which are subject to compromise in the Bankruptcy Court. Form 10-Q, at 9. For the past 18 months, GLP has been seeking new investment which, largely because of today's economic climate in the telecommunications industry, has not been readily forthcoming. In parallel, GLP has been working cooperatively with its senior lenders and other creditors on a financial restructuring plan. If GLP is able to obtain new financing prior to the end of 2002, it is likely to be able to continue operations and will emerge from bankruptcy as a reorganized company. If new investment is not readily forthcoming, then the Globalstar system *may* have *to cease operation as a* going concern.

As a result of GLP's bankruptcy, no funding is available to LQL from the MSS business to pay expenses that are not related to operation of the system and service to subscribers. LQL's financial situation arises directly from its relationship with GLP. The managing general partner of GLP is LQSS, and the managing general partner of LQSS is LQP. GLP is the entity holding financial investments for construction, launch and operation of the system. LQSS and LQP are entitled to revenues from the system, but have no business interests other than their participation in GLP.

Financial Hardship. The Commission has previously stated that "[e]vidence of bankruptcy or receivership is sufficient to establish financial hardship" in the context of a request for waiver of the Commission's regulatory fees.[2] GLP is currently involved in bankruptcy proceedings, which are likely to continue for several more months. GLP is working with its creditors on a plan to reorganize the company. Continued operation of the Globalstar system is dependent upon obtaining new investment and restructuring GLPs debt in the bankruptcy proceeding. Meanwhile, all cash is needed for operations, and LQL does not have access to cash for payment of the FY2002 regulatory fee

Besides GLPs bankruptcy, the financial hardship suffered by the Globalstar business independently justifies a waiver of the regulatory fee.

> The Commission's rules currently provide for relief [from paying regulatory fees] in exceptional circumstances. Persons or entities that believe they. . . are experiencing extraordinary and compelling financial hardship, upon a showing that such circumstances override the public

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[2] Implementation of Section 9 of the Communications Act, 10 FCC Rcd 12759, ¶ 14 (1995).

> interest in reimbursing the Commission for its regulatory costs, may request a waiver, reduction or deferment of payment of the regulatory fee.[3]

The Globalstar system has suffered severe financial distress throughout the calendar years 2001 and 2002. Indeed, based on the financial situation of GLP and LQL during 2001, the Commission granted LQL a waiver of the Fiscal Year 2001 regulatory fee.[4]

The financial difficulties of the Globalstar business are detailed in the attached Form 10-Q of GLP for the quarter ended June 30, 2002. Some of the most compelling financial difficulties facing the MSS system are summarized below.

***Revenues** Insufficient to Cover Costs.* There are currently fewer Globalstar subscribers than are needed to generate revenues sufficient to cover operating cost requirements. As reported in the Form 10-Q, gross billings for Globalstar services reached $6.1 million for the six months ended June 30, 2002. Form 10-Q, at 11 Revenue from all Globalstar services was about $8.5 million. Id.

However, during the same time period, total operational expenses for the Globalstar system were approximately $61.1 million. Id. The system is not expected to generate sufficient revenue at the conclusion of 2002 to continue

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[3] Assessment and Collection of Regulatory Fees for Fiscal Year 2001, 16 FCC Rcd 13525, 13530 (2001).

[4] See Letter of Mark Reger, FCC Chief Financial Office, to William D. Wallace (Jan 7, 2002).

operations for a significant period beyond December 2002 without additional financing from other sources. Id., at 27.

Lack of Available Cash. As of June 30, 2002, GLP had on hand approximately $34.8 million in cash and cash equivalents. As indicated above, the first six months of 2002 required almost twice that amount to keep the system operational. Other contingencies, such as anomalies in the operation of individual satellites, could easily increase the level of costs beyond the cash reserve. In addition, GLP has terminated over 75 percent of its employees, and is now operating the minimum number of employees essential to maintain current operations. Form 10-Q, at 20.

Suspension of Interest Payments. Previously, in January 2001, GLP suspended indefinitely principal and interest payments on its funded debt instruments and also suspended dividend payments on its redeemable preferred partnership interests. Form 10-Q, at 18-19. GLP took this extraordinary step to conserve cash for operations and to continue service to subscribers. Non-payment of these obligations were "events of default" under the terms of debt instruments, a credit facility and vendor financing agreement. Id. As a result of GLP's bankruptcy, the payments on these obligations have been accelerated and are immediately due and payable.

Conclusion. The Globalstar system has continued to suffer severe financial difficulties during 2002. GLP, as a Debtor-in-Possession, is currently exploring prospects for new financing, hut investment for GLP's reorganization has not yet been obtained. Despite these financial difficulties, the system is continuing to provide important services globally to existing subscribers, many of whom would not otherwise have access to any telecommunications services. However, LQL does not have access to cash from the MSS business to pay expenses that are not closely related to operation of the system, such as the FY2002 regulatory fee.

For the reasons set forth above, LQL requests a waiver of the FY2002 regulatory fee.

Respectfully submitted,

L/Q LICENSEE, INC

Of Counsel:

William F. Adler
Vice President, Legal and
Regulatory Affairs
Globalstar, L.P.
3200 Zanker Road
San Jose, CA 95134
(408) 933-4401

William D. Wallace

CROWELL & MORING LLP
1001 Pennsylvania Avenue, N.W.
Washington D.C. 20004
(202) 624-2500

Its Attorneys

Date: September 25, 2002