

HOGAN & HARTSON

L.L.P.

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COLUMBIA SQUARE
555 THIRTEENTH STREET, NW
WASHINGTON, DC 20004-1109
TEL (202) 637-5600
FAX (202) 637-5910
WWW.HHLAW.COM

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth St., S.W.
Washington, D.C. 20554

**Re: Federal-State Joint Board on Universal Service
CC Docket No. 96-45**

Dear Ms. Dortch:

Yesterday the Satellite Industry Association ("SIA") met with Thomas Navin, Chief of the Wireline Competition Bureau; Narda Jones, Chief of the Telecommunications Access Policy Division, and Thomas Buckley, Deputy Chief of the Division. SIA was represented by David Cavossa, Executive Director of SIA; Joslyn Read of Hughes Network Systems; Diane Cornell of Inmarsat; Kalpak Gude of PanAmSat; and Peter Rohrbach of this office on behalf of SES Americom. The SIA representatives discussed the Association's position with respect to universal service contribution reform as reflected in the attached statement.

One electronic copy of this Notice is being submitted to the Office of the Secretary of the FCC in accordance with Section 1.1206(b)(1) of the Commission's Rules.

Sincerely,


Christine Reilly

cc: Thomas Navin
Narda Jones
Thomas Buckley



UNIVERSAL SERVICE CONTRIBUTION REFORM

1. SIA Strongly Supports the Commission's Efforts to Reform the USF Contribution Methodology.

- The current system is complicated to administer and ill-suited to a world of convergence.
- Reform should be competitively neutral, simple to administer, and promote broadband deployment for all Americans.

2. The Commission Should Recover USF Equally from End Users Through a Retail Telephone Number-Based System.

- A retail telephone number-based system would be competitively-neutral. As today, retail service providers can pass through the USF obligation to their end user customers -- but they would do so on a competitively neutral basis regardless of what technology they use to provide service to the end user.
- A retail telephone number-based system is fair and simple to administer. Each phone number in retail use would pay the same. This approach eliminates complexity and opportunities for mistakes or abuse associated with the current system.
- As is the case today -- to avoid doubling the costs passed through to end users -- USF charges should not be imposed on wholesale services used by retail companies to provide service to their end users who already pay USF fees.

3. The Commission Should Not Impose USF Charges on Internet Access Connections.

- USF still will be collected from broadband VoIP providers using telephone numbers for voice services provided over Internet access connections.
- This approach supports the President's 2007 Nationwide Broadband Goal and the public interest by keeping down broadband costs.

4. To the Extent That the Commission Requires Additional USF Contributions, It Should Obtain Them From Other Dedicated Retail Services On a Per-Connection Basis.

- End user connection-based charges are easier to administer than revenue-based charges. Customers will better understand per-connection charges, and will be treated equally based on the service they receive.
- Retail connection-based charges are particularly practical in a world where dedicated connections increasingly are bundled in packages with non-telecom services. The same charges apply no matter what else is sold with the connection itself.
- SIA could support an approach in which contributions from dedicated retail end user connections would depend on the speed of the connection, with a connection of up to 5 mbps contributing the same as a telephone number-based connection, and higher speed retail connections paying multiples of the telephone number fee.
- To be clear, the Commission should primarily rely for USF contribution on a retail numbers-based system. The percentage of USF contribution from connections-based charges should not exceed the percentage recovered from special access services today.

5. The SIA Proposal For a Telephone Number-Based System Promotes all USF Goals.

- It ensures an explicit, sufficient and equitably funded USF program to support Section 254 objectives.
- It encourages broadband deployment and adoption, including satellite broadband to rural and remote locations.
- It is simple to administer and easy for end users to understand.
- It is technologically neutral and consistent with increasing intermodal competition.